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Is Your Employee Publication an "Employee Publication"?

Research Division, New York University School of Retailing

Although department-store employee newspapers and magazines have been published for over fifty years, there is still uncertainty about their effectiveness. In most cases, the publications are *management* vehicles for disseminating such information and news as *management thinks* will benefit and interest the personnel of the store. The total costs of employee publications are not known to a majority of department stores since they generally fail to charge overhead, salaries, or other necessary costs against these accounts. Stores can purchase the greater prestige and attraction of a magazine format for very little more than the cost of publishing a newspaper.

These are among the more interesting findings of a survey of department-store employee publications recently completed by the Research Division of New York University School of Retailing.

How the survey was conducted

Questionnaires with accompanying letters were sent to 252 stores with annual sales volumes ranging from five million dollars to over fifty million dollars. Seventy-six usable returns were received, giving a 30 per cent return. Replies came from all over the country, though about half were from the eastern section of the United States. Of the stores responding to the questionnaire, 53 have employee publications and 11 are contemplating the establishment of employee publications.

Purposes of the survey

The objectives of the survey were:

1. To examine the purposes, methods, practices, and problems of employee publications in department stores
2. To provide information that would help editors of established publications in evaluating their work
3. To provide information that would help a department store initiate an employee publication

Sponsorship and supervision of employee publications

The data indicate that the personnel department, or one of its subdivisions, is responsible for the employee publication in a majority of the reporting stores (Table I). This would seem a very logical placement of this respon-

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sibility. A case can also be made for the advertising department since it is most familiar with the problems of publication and has the necessary facilities and equipment.

Editorial board

Although the stores report their major problem of publication is "determining what material is of interest to the employees," only 13 publications have an editorial board, 10 of which are composed exclusively of executives. Only 3 stores report the use of non-executive boards representing employees rather than management. The remaining 40 of the reporting stores indicate that their publications have no editorial boards of any type.

Several factors have probably prevented adequate experimentation with employee editorial or advisory boards. For example, employees have other jobs to do, and it is difficult for an individual to pull away from his regular tasks during working hours or to arrange for overtime work. Moreover, a *board* means additional trouble for the editor, and a board can never move as rapidly as a single person. Probably the real reason, in most cases, is a lack of any apparent necessity for changing to a new system. Most publications have grown as an offshoot of a regular operating department. The editors have other duties, and the task of organizing an employee board and working with it seems too difficult for an already overworked training director or personnel manager.

The advantages of employee co-operation, however, are so obvious that further efforts to draw the rank and file into the picture seem highly desirable. It is essential that employees feel that the newspaper or magazine is their own to arouse and maintain their interest in it. Employee participation in editorial duties might prevent any idea that management is using the publication as another device for preaching. Admittedly, an employee board would increase the work of the editor and might mean that a greater percentage of his time would have to be given to the publication. But the results, in terms of increased interest among the readers, might prove worth while.

Staff

Editors report that they spend 35 per cent or less of their time on their publications. Seventy-eight per cent of the publications use part-time reporters, and all the stores accept contributions

TABLE I

Organization Placement of Responsibility for Supervision of Employee Publications by 47 Department Stores

Organization Placement (Department or Division)	*Number of Stores Reporting*
Advertising	5
Employee or Labor Relations	8
Personnel	17
Public Relations	4
Store Manager	3
Training	10

from employees. Only 2 stores compensate their reporters. No publication reported the use of full-time reporters.

Only 10 stores report any sort of training for reporters. This training ranges from meetings with the editor to formal lectures and manuals. One store holds dinner meetings at which the editor explains feature writing, news gathering, and other pertinent topics. Another store reports holding meetings with its reporters before the preparation of each issue.

the use of material from manufacturers in their employee publications. Where such material is used, it includes fashion notes on branded lines, educational items, feature stories, and merchandise information. Ninety per cent of the stores report that they print community news consisting usually of items on the Red Cross, community chest, bond drives, or any local activity of special interest to the employees.

There is a marked similarity in the relative amounts of space devoted to

TABLE II

Analysis of Per Cent of Time Editors Devote to Department-Store Employee Publications, by Dollar Sales Volume of the Stores

Sales Volume of Store	*Per Cent of Time Devoted by Editor to Publication*
$5 to 9 million	12
$10 to 19 million	19
$20 to 49 million	35
$50 and up	29

Content of employee publications

Store reporters furnish most of the material printed in employee publications while the voluntary contributions of employees constitute a valuable secondary source. Publications make relatively little use of special news services or filler material, only three using a syndicated house-organ service.

Twenty per cent of the stores report

various types of articles. Table III shows a tabulation of the percentages of space devoted to personals, articles by management, merchandise information, store policies, store events, and filler material.

Other percentages that might prove of interest to the reader include: (1) 81 per cent of the publications print articles on the various store depart-

TABLE III

A Comparison of Percentages of Space Usually Devoted by Department-Store Publications to Various Classifications of Material Content, by Dollar Sales Volume of Stores

	Average Percentages by Volume Groups				
Types of Content	*$5–10 Million*	*$10–20 Million*	*$20–50 Million*	*Over $50 Million*	*All Stores*
Personal items about employees	42.5	47.0	43.3	32.9	41.4
Articles by management	10.8	7.7	10.5	13.4	8.1
Merchandise information	15.6	10.4	4.4	10.2	10.2
Store policies	11.6	8.3	10.3	12.7	10.7
Store events	16.6	17.3	26.6	24.3	21.2
Filler material from outside organizations	7.6	5.4	2.2	4.6	4.9

ments, and 31 per cent print such articles in every issue, (2) 75 per cent print articles on salesmanship at frequent intervals, (3) 74 per cent of the stores use their publications to inform employees of changes in policy, system, and regulations, (4) 59 per cent of the stores print articles which may be considered as "training," and (5) 29 per cent of the publications contain publicity about the store's own merchandise.

Physical characteristics of employee publications

The majority of the employee publications studied are either in the form of newspapers or magazines. Four stores have 2 publications. Three of the secondary publications are bulletins, and 1 is a newspaper. Altogether there are:

25 newspapers—Publications with a masthead and with news articles on the front page

23 magazines—Publications with a cover and using a photograph or art work, a title, but no news articles on the front page

7 bulletins—One- or two-page publications, usually mimeographed, and containing no photographs or art work.

Smaller volume stores tend to print more magazines, while the larger stores seem to favor the newspaper type of publication. There are eleven different page sizes reported, ranging from 5½ by 7¼ inches to 9½ by 14 inches. Fifty-three per cent of the publications, however, measure 8½ by 11 inches. The number of pages most frequently reported for newspapers is 4. Magazines are either 4, 8, or 12 pages. The most popular magazine size is 8 pages.

Newspapers are published at more frequent intervals than magazines. No magazine is published more than once a month. Except in one instance, no newspaper is published less often than 10 times a year. Table IV presents a breakdown of the publication frequencies reported by the stores.

TABLE IV

Frequency of Issue of Employee Publications

Frequency	*Number of Magazines*	*Number of Newspapers*	*Number of Bulletins*	*Total Number*	*Per Cent of Publications*
Daily	—	1	—	1	1.8
Forty-four issues	—	—	1	1	1.8
Twice weekly	—	—	1	1	1.8
Weekly	—	7	3	10	17.9
Every other week	—	2	—	2	3.5
Twice monthly	—	7	2	9	16.2
Monthly	14	6	—	20	35.7
Ten times per year	3	1	—	4	7.1
Seven times per year	1	—	—	1	1.8
Every other month	4	—	—	4	7.1
Quarterly	2	—	—	2	3.5
Special	—	1	—	1	1.8
Total	24	25	7	56	100.0%

TABLE V

Publishing Costs of Employee Publications *

Description of Item	*Cost*
Magazines	
Range of cost per copy	$.0729—.3422
Average cost per page per copy for publications issued monthly or 10 times a year	.0166
Average cost per page per copy for publications issued 7 times a year or less	.0211
Newspapers	
Range of cost per copy	.0042—.2996
Average cost per page per copy for weekly issue	.0158
Average cost per page per copy for bimonthly issue	.0140
Average cost per page per copy for monthly issue	.0178

* Figures include no salaries of individuals responsible for employee publication and no overhead charge.

Publication costs

Few of the reporting stores keep a complete record of their costs of publication. Large stores do somewhat better than the small stores in this respect. Good business practice dictates that these costs should be maintained accurately, and store policy should provide that this be done. The findings of the survey, however, indicate that few of the stores know much about their publication costs.

Since the publications studied range from simple bulletins to pretentious magazines, reported costs range from $.00010 a copy to $.3433 a copy. This wide variation represents certain factors peculiar to each situation, including aims of management, individual requirements of a store, available funds, and the attitude of management toward publication.

One interesting and somewhat surprising finding is the low cost of publishing magazines as compared with newspapers. The average cost per newspaper page per copy is $.0164 while for magazines it is $.0178. In other words, a store can gain the greater prestige and attraction of a magazine with only a very small increase in its expenditure.

Objectives of employee publications

Almost all editors gave statements concerning the objectives of their publications. These objectives have been classified under the five headings shown in Table VI.

TABLE VI

Summary of Objectives of Department-Store Employee Publications

Objective	*Number of Stores Mentioning*
To keep employees informed	22
To build morale	14
To act as source of entertainment	14
To build management-employee good will	13
To "sell" organization to employees	6

The objectives mentioned by the stores whose annual volumes exceed fifty million dollars are especially interesting and include:

1. To improve two-way communication between employees and management
2. To build store institutionally
3. To strengthen employees' satisfaction with their work
4. To disseminate news for management and employees

Two impressions are gained from reading the objectives listed by the editors of the 53 publications. The first is that the word "communication" is being misused and, second, that communication is still only a one-way street for many stores. It is clear, in reading the returns, that management is vigorous in "telling" and "keeping informed." There is little opportunity, however, for management to hear from employees in the pages of the publications. The modern business use of the word "communication" carries the implication of information and ideas traveling both ways between employers and employees. A business publication that is written, edited, and produced entirely by representatives of management is not a means of "communication" as the word is being used in management writings today.

Attitude of management toward employee publications

It is clear that yardsticks for measuring the value of employee publications are neither available to nor being used by retail management. To the question, "Does management feel that publication serves its purpose?," 33 answered "yes" and 3 "no." In addition, 1 reported "not sure" and 16 gave no answer to question. Of the 33 managements which reported satisfaction with their employee publications, only 3 gave reasons for their feelings. These included:

1. "never find copies on the floor"
2. "suspended operations but re-continued it because employees howled"
3. "felt it a success although only ——— issues printed"

The 3 stores which reported dissatisfaction with their publications were all over fifty million dollars in annual sales volume. They said:

1. "need major revision of policies, practices, and procedures"
2. "expansion of size and content needed"
3. "without a full-time editor, there is not sufficient attention to improving material, and budget will not permit at present"

Despite the apparent fact that management feels employee publications are successful, they report a number of problems of publication. Eighty-one per cent of the editors claim that "determining what material is of interest to employees" is the major problem of a continuing nature. Probably no other type of organization holds so many different "kinds" of people as does a large department store. It is clear that editors recognize the human element involved in preparing a publication for so many readers of diversified backgrounds and interests.

Several editors mentioned the further complication caused by the addition of branch stores and other units not connected directly with main stores. As branch operations increase, it will become more difficult to provide the same kind of coverage that was possible when

the entire organization was housed under one roof. Suburban branch employees probably tend to have somewhat different interests and attitudes from those in the main store and may rarely, if ever, have contact with the latter body of the personnel.

The second most important problem is "improving quality of publication." Fifty-seven per cent of the editors listed this either in first or second place. The third problem is "keeping costs down." Store editors indicate that rising costs will be a more important factor in 1951. War restrictions may cause the cessation of some publications and may prevent other planned publications from getting started. The combination of a loss of key personnel, an increasing paper shortage, and a program of expense reduction can prove an unsurmountable handicap to initiating or continuing an employee publication.

Conclusions

Many of the problems and difficulties of employee publications seem due to a lack of time and money. Most editors have other duties, and, without a strong incentive, an employee publication may easily become just "another job." If edited on this basis, the house organ can suffer from a lack of energy and imagination.

Since so few stores have established accurate cost-accounting procedures for their employee publications, their total costs are larger than the four to nine thousand dollars a year reported by the stores. If an employee publication warrants an expenditure of this size, why would it not be worth while to spend the extra amount required to put a trained editor on the job full time? Tritely put, any job worth doing is worth doing well.

With more time and money the other publication problems may be handled more easily. The lack of employee participation needs serious consideration. It would cost little more to use an employee advisory board. With additional money in the budget and a full-time editor, stores might benefit by the appointment of qualified employees to an editorial board.

The lack of time and money may also explain the seemingly inadequate knowledge of what interests employee readers. Some of the newspapers and magazines studied devote a large amount of space to personal items about employees. Items such as, "Why does Eddie spend so much time in the Accounts Payable Department lately? Could it be that a red-head has something to do with it, Eddie?," were found in more than a few publications. Other stores print very little of such "news." Who is right? The correct answer is of importance to the success of the publication.

The evidence indicates that an employee publication, once started, seldom ceases publication. Now, in a period of rising costs, is the time to take a long, hard, analytical look at the success of what is being done. Probably the first step of an analysis should be the application of modern cost-accounting procedures to obtain a true cost for the publication. Next, consideration should be given to editorial duties. Is it worth while to employ a full-time editor? Can use be made of a nonexecutive editorial or advisory board? Are the

(Continued on page 18)

Retail Sales Management—in a Semiwar Economy *

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Point of sales

The challenge to retail sales management in any economic framework is to hold past sales volume and to win additional sales volume now and in the future.

All store-operation activities flow through a series of channels to funnel through sales management and to focus on the *point of sales.*

The *point of sales* is the most vital area in the entire field of marketing because it is here that the merchandise, the money, and the customer are brought together physically. This meeting results in an evaluation by the consumers of the goods and services of producers and distributors. It is at the *point of sales* that the co-ordination of all activities succeeds or fails in its combined ability to win and to hold sales.

The challenge to retail sales management in the semiwar economy of today does not undergo a basic change. However, the problems facing retail sales management in a semiwar economy are different from those encountered in any other economic framework.

Less disposable income

We should fix one fact firmly in mind: we should acknowledge that the rules of "business as usual" have been changed. The rules are likely to change still more. For example, taxes are higher than formerly and take a larger slice of disposable consumer income. Credit regulations are stiffer and threaten to draw off still more of the consumers' ability to buy. The armed forces and war-production man-power magnet pull at the pool of retailing employees. As men leave retailing—now classified as "unessential" work—the ability to service sales is bound to suffer. Industrial and material dislocations resulting from defense orders menace retailing's sources of supply. Taxes, again, threaten profits, though the threat has been postponed for accomplishment until later this year. Certainly, less profitable operations are probable, and "profitless" operations become a distinct possibility. If these conditions spell "business as usual," retailing must be, indeed, an unusual business.

Profit potentials

The formidable problems of a semiwar economy may be faced with a sales objective that is unchanged. The conditions, however, dictate the considera-

* Revised presentation of talk given before the National Association of Music Merchants Store Operations Conference, New York City, October 18, 1950.

tion of two types of profit potentials. The first of the two is a tangible or money profit. The control of how much of this profit can be pocketed rests temporarily, at least, in other hands. In the checks and balances established, or to be established in a semiwar economy, the money profit is likely to be controlled for business rather than by business.

The second profit potential is one that management can and should control. It is an intangible profit and, therefore, one that rests with management to earn, hold, and enjoy. This profit is inherent in the know-how or the development of greater skill and competitive advantage in store operations. If this intangible profit is won in the hard period to come, it can be converted easily into tangible profits when full control of business is returned to the hands of management.

Approaches to solution of problems

Regardless of whether the goal is to win one or both of the profit potentials, it would appear that there are three basic approaches to be taken to the solution of sales-management problems: business can play by ear, business can follow the score, or business can improvise.

If you elect to play by ear, you are probably something of a genius or have a superior form of aptitude for the mechanics or are indifferent to exposing yourself to the lack of success that frequently follows the untutored practitioner.

If you follow the score, you trace a prescribed path that leads to a definite conclusion, comfortable in the knowledge that if you make a mistake you can seek it out, practice some more, and then proceed without becoming hopelessly lost.

If you improvise, you not only possess the benefit of knowing the score but also because of this fact your confidence is buoyed to the extent that you can give imagination, inspiration, and genius free play to contribute to the general sales effect.

This article will stick to the score. The sales-management score is one capable of rendition by a single person or by ten thousand people—the number of players is really unimportant. The score should prove useful to large and small stores alike.

Targets—tasks—tools

The target is to get more action out of the cash register at the *point of sales*. This will require hard work and the accomplishment of three specific types of tasks:

1. *To get traffic* to the shopping district and to the store
2. *To stop traffic* to give salesmen a chance to approach
3. *To sell traffic*—the merchandise, the salesman, the sales services

There are five basic tools available to assist in accomplishing these tasks including:

1. Traffic producers
   - *a*) Advertising
   - *b*) Special events
2. Traffic stoppers
   - *a*) Display—window and interior
3. Sales converters (make merchandise easy to buy and easy to use)
   - *a*) Personal selling
   - *b*) Customer services

There are the target, the tasks, and the tools—all, in fact, that is necessary or useful in selling merchandise.

Now one is ready to start to win the greater competitive skill or advantage that can later be converted into tangible profits. In putting the plan into operation, two possible types of efforts should always be borne in mind. First, there is a need to acquire greater skill in the use of the sales tools and, second, a need to undertake certain specific tasks immediately.

Areas of study

To acquire greater skill in the use of the traffic-producing tools—advertising and special events—analysis is required in four areas: what to promote, when to promote, where to promote, and how to promote. In addition, appropriate records must be kept to permit the separation of successful from unsuccessful promotions. The research in retail advertising conducted at New York University School of Retailing reveals that about 50 per cent of a typical retail store's advertising is doomed to fail. The major causes for the failures include: (1) improper choice of item to advertise, (2) improper choice of time to advertise, and (3) improper application of advertising technique. Perfecting one's skills in these four areas alone will enable one to attack a principal source of waste in the second highest item of variable operating expense. Remember, occupancy expense tends to be fixed; therefore, advertising expense in most retail stores generally ranks second only to payroll.

Lost opportunities

For example, it would prove extremely interesting to check a group of merchants on their lost opportunities to utilize special-events promotions by asking each a number of questions, including:

How long has it been since you tied in your store promotion with a big local event? Has an author, a concert star, or the local little theater group recently graced your publicity or made personal appearances in your store? Their agents love to have them participate in such activities. Even if you have been active recently in this special-events area, have you really made an effort to wring it dry of every opportunity? Most retailers content themselves with only an infrequent pass at these wonderful traffic-producing activities.

In the last four years New York University School of Retailing has been studying the traffic stoppers—window and interior displays. Conservatively, some nine million people have been observed as they were exposed to window and interior displays under both normal and test conditions in studies sponsored by the National Retail Dry Goods Association, the National Association of Display Industries, and private businesses. As the director of these studies, the author can report to you that the sales opportunities lost to retail merchants by inanimate merchandise displays, thoughtlessly conceived and carelessly executed, is shocking. Yet display is the one indispensable sales-promotion medium for most retail stores. It is, moreover, the one medium that retailers

own and pay for in their occupancy expense regardless of whether or not they choose to use display wisely and well. Remember that it can cost less to publish a successful retail advertisement or to install a successful window or interior display than it costs to run an unsuccessful advertisement or display. A merchant should take a look at his displays. Do they show the merchandise in use, in a situation, or in a setting? Is the merchandise clearly priced? Does the display have a sign card that delivers a message from the *customer's point of view?* If not, he should do something now about these three simple, basic points, and he will start to have better displays that deliver more sales.

Evaluate sales force and services

A merchant should take a look, also, at every person in his organization, asking: "What does each do that contributes to the sales result? What more could he do?" He might put the searching finger on himself by asking: "How long has it been since I have had a store-wide sales meeting? Have I trained and re-trained my people? Do they catch any spark of selling enthusiasm from me? Have I ever had a sales contest with really worth-while prizes and plenty of spirit and competition? Have I, honestly? If I have, I will try repeating it in a new dress; if not, why wait longer to initiate one?"

A merchant should review his operations of the last year to see whether he has really offered attractive services that have made his merchandise *easy to buy and easy to use.* He must be meticulously honest in evaluating his job of impressing on his customers how easy it is to buy from him—how willing and anxious he is to sell to them. If he has done this job well, he knows the handsome dividends it pays in the form of increased sales.

Now, a merchant has enough work planned for the next four or five years. Careful execution of these plans cannot help but result in sharper selling tools. And like the Russian peasant who said that he would keep on plowing even though he were told that the world would come to an end tomorrow, he can start now to plow more and continue to cultivate his market.

Challenge and opportunity

In any economic framework, retail sales management finds challenge and opportunity. If the problems of a semi-war economy make the challenge more subtle, they also increase the strength of the challenge. If the opportunities are momentarily intangible, they point at least to progressively greater future profits—profits that will be more easily secured and more certain of realization because of an improved ability to compete.

Could any seller really seek more?

Small-Town Merchants Capitalize on Marketing Research

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Informed merchants

Ask the merchants of Lorain which evening in the week they should keep their stores open and they can give the right answer. The merchants of Ravenna know the source of their most strenuous competition. Painesville merchants know which price lines of dresses are most popular and will sell most readily. The merchants of Bellevue too can give you an accurate answer as regards whether or not railroad passes seriously hurt their business. Merchants and storekeepers in these towns know the answers to many questions of a similar nature because they have taken direct action to get the answers.

Lorain, Painesville, Ravenna, and Bellevue businessmen have learned answers to many questions about their cities and to the problems facing them as merchants through their local chambers of commerce aided by civic-minded citizens. Located near Cleveland, Ohio, and thus facing big-city competition, they have found it necessary to do alert merchandising to retain business that easily flows to nearby metropolitan centers.

Conduct of survey

To secure this information, the merchant groups in these cities engaged a research organization to develop a method to obtain and present such data. This work was done by the writer with the assistance of professional research men and groups of graduate students at Western Reserve University who were studying marketing and, particularly, marketing research.

In each city, committees of merchants met with the research men and formulated a questionnaire designed to uncover specific facts of value to businessmen of each community (sample questionnaire, page 17). Needless to say, considerable variations in questionnaires were necessary to meet the particular needs of each city. After these questionnaires had been completed, tested, and revised, they were used by interviewers who talked with representative samples of housewives and men in each city. Between 5 and 10 per cent of the families in each city were interviewed. Families were selected by random sampling and from one to four families were interviewed in almost every block of each city. Since the cities vary in size from 6,000 to 50,000 population, there was a considerable disparity in the numbers of interviews made in each.

Interviewers well received

The people interviewed were asked a series of questions and in addition were encouraged to air their personal views, gripes, and opinions so that the

final report would give not only factual information but would reveal to some extent current opinions in each locality.[1] Occasionally interviewers were subjected to tirades of abuse against local merchants who were mentioned in derogatory terms. The vast majority of individuals interviewed, however, gave answers that brought to light situations which needed remedying and in some instances could be corrected without too much trouble.

Objective of survey

The purposes of each study were to

1. Discover in which city residents make most of their purchases
2. Find out why residents buy outside the city of residence
3. Ascertain which merchandise brands or stores are most popular
4. Determine which apparel price lines are most popular
5. Find out how many individuals use charge accounts locally and elsewhere
6. Learn customer preferences for shopping days, time of day, and evening opening
7. Learn customers' opinions of services provided by stores
8. Get customers' opinions for improvements that might be made for shoppers
9. Tabulate family characteristics—size, occupation, income, reading habits, radio-listening habits, banking habits, and home ownership
10. Secure customer reactions to present business-section parking and inquire if they would favor a municipal parking system
11. Calculate potential markets for various products by discovering how many durable goods have been purchased since the war
12. Secure factual information to be used to formulate policies to improve shopping conditions.

Findings of survey

Each questionnaire was divided into two separate sections: questions pertaining to merchandise and questions on shopping habits, preferences, and improvements. Answers to the first group of questions showed that local merchants suffered the greatest loss of trade to metropolitan areas in women's dresses and coats, and in some instances a considerable amount of men's clothing was purchased in other cities. Smaller items such as women's accessories, children's clothing, men's furnishings and jewelry, as well as hardware were for the most part purchased locally.

Discreet questioning brought out prevailing prices paid for clothing both in women's dresses and coats and in men's suits and overcoats. The answers also showed the most popular price lines and brand purchased or store in which purchase was made. This enabled merchants to pick out the most popular price lines to stock and revealed those individuals locally and in other cities who were doing the most business. The impartiality of the surveys made it pos-

[1] Amusing situations sometimes arose during interviews such as: at one home the interviewer reported he was disturbed by a mouse playing on the living-room floor; one lady said she never bought a dress of any kind over $5.00; several people included lengthy descriptions of illnesses, operations, diseases, and family troubles.

sible for each merchant to obtain a true picture of the situation and to know better how to gauge his future efforts. The customers' reasons for buying away from their home city gave local merchants clues for recapturing such trade.

Status of home-appliance market

The answers to questions on major household appliances revealed recent purchases, the most popular brands, and, of most importance, how many families owned prewar appliances or none at all. For example, in one city 75 per cent of the families fell in the latter classification. Since the average life of a refrigerator can be determined with considerable reliability, this indicated the size of the replacement market for the coming years. Variations in the popularity of brands in the different cities were attributable in some instances directly to the aggressiveness and merchandising ability of the stores handling them.

One of the more disturbing factors in furniture sales was that many of the local customers purchasing out of town bought entire households of furniture at one time. Dollar losses were severe even though these instances represented only a relatively small percentage of total transactions. Variety of selection and prices were the reasons most frequently given for buying furniture outside the city.

Lack of brand consciousness

Individuals who are extremely brand conscious will be surprised to learn that most of the people surveyed did not know the brand of shoes or clothes they were wearing, but identified these articles with the stores where they had purchased them. It is understandable that many of those people questioned did not know the brand of tires they had purchased for their cars since mostly women were interviewed. But many of the women were able to select the store, filling station, or garage where they had purchased tires even though they were not familiar with the brand. In several instances, a housewife was unable to tell the brand names of major appliances in use in her home and had to look at the appliances to determine them.

To avoid opinion answers, questions were frequently phrased so that a housewife had to tell where she had bought her last dress, coat, or shoes rather than where she usually bought. This method tended to bring out facts rather than generalizations from the one being interviewed.

Of interest to most downtown businessmen were the viewpoints expressed by those interviewed on opening and closing hours, afternoon closing one day a week, and evening opening. Most women said they preferred shopping during the latter part of the week. It is evident that closing Wednesday afternoon or some other afternoon during the week does not hinder shopping. Most women felt the retail clerks deserved time off during the week and looked with favor on anything providing more leisure time to clerks.

Changing times

Downtown merchants in metropolitan areas learned long ago that Saturday evening is no longer a good time to keep stores open. Consequently if they

remain open at all it is on another weekday evening. Merchants in smaller cities are also learning that Saturday evening is no longer the best evening to remain open. In the Painesville survey, where incidentally they had already changed to Friday evening openings before the survey, townspeople declared themselves overwhelmingly in favor of retaining the Friday-evening opening as opposed to going back to Saturday evening. Similar results were obtained in several of the other surveys. In the cities where Saturday-evening openings were in vogue, townspeople expressed a desire that the stores shift from Saturday to Friday or Monday evening. The city people who preferred Friday-evening opening felt that Friday night was beginning to mark the end of the work week with the five-day week becoming universal in industry. Also Friday was payday in many cases and individuals indicated they wanted to cash their checks, pay bills, and shop on this occasion. A survey including a question on banking hours in a city where banks were closed all day Saturday brought out opinions from working people that banks should stay open either evenings or at another time when workers could cash checks.

No interviews were made in rural areas. However, both merchants and townspeople indicated they believed that rural people today are as modern and up to date as city folks and tend to reserve Saturday evening more and more for purely recreational purposes.

Major source of complaint

The question on parking registered the greatest number of complaints. It is evident that most cities have serious parking problems and that small-city people particularly dislike walking a block or two. The answers seemed to indicate that merchants might stimulate business greatly if their stores were located near parking lots. At the same time, a store with a small private parking lot is subject to criticism by the many customers who cannot find room in it.

Inconclusive answers were obtained as a rule to questions on store policies and store personnel. People would not criticize clerks who were frequently neighbors. One survey, however, did bring out caustic criticism of a store's personnel. This criticism not only pointed out specifically what was wrong with the personnel in question but also indicated necessary corrective action.

Occasionally, local merchants were found to employ backward practices in handling charge accounts, returns, and other services, if judged by big-city standards. Customers familiar with the procedures employed by big-city department stores criticized the less progressive local methods. Examination of these particular complaints revealed justification for the actions taken by local merchants. However, in too many cases the condition was inherent in the fact that a local merchant just did not think that he should follow the practices of large metropolitan stores. In such instances, local merchants were shown the desirability of changing their procedures to make their operations more competitive with the larger metropolitan stores which offered such services as free telephone service on long-distance calls, free delivery, return privileges, and charge-account accommodations.

Stable populations

A remarkably stable population was revealed by the great percentage of home ownership, the small number of renters, and the length of residence within a city. By far the greater percentage of people interviewed in each city could be classified as old inhabitants.

A question on yearly income was used in some cities to determine the distribution of population by income brackets. In obtaining answers to this question an interviewer would hand a respondent a 3-by-5-inch card with the following information just before terminating an interview.

K—Under $2,000
L—$2,000 to $3,000
R—$3,000 to $5,000
X—Over $5,000

The individual would be asked to indicate by letter [2] only the bracket identifying his annual income. A favorable response was received in most instances. Since replies were voluntary and the interviewer never insisted on an answer, few took offense. Approximately 1 per cent of those interviewed failed to answer the question on income. The results secured were fairly well in line with current estimates, though the number in the "over $5,000" class was less than some estimates frequently published in magazines. Our findings indicate that the heads of families in these cities generally had yearly earnings of between $2,000 and $4,000. Census data will soon be available to prove whether our findings or those currently published by certain periodicals are more accurate.

Findings put to use

Fortified with this information, the local merchants have been able to adjust their operations to conform with the wishes of a majority of their customers. Many of the changes were contrary to what some merchants had thought wise. Too often, individuals were not aware of what was taking place around them. Even if they were, they were still unable to determine in which direction to move. The findings of the surveys provided these merchants with sound bases for making changes in line with what their customers wanted.

The more enterprising merchants even supplemented the city surveys with private surveys of their own, thus securing much additional information. The latter type of effort has enabled these individuals to discover traffic trends, changes in shopping habits, shifting store patronage, and similar facts which have proved extremely useful to them in planning future operations.

In summary, the forward-looking merchants in the cities surveyed have utilized the expanding methods and devices of marketing research to point up their problems, to suggest solutions, and to indicate needed corrective action. Their willingness to experiment and to spend the time and money necessary to discover *what their customers want* has

[2] The use of letters to indicate yearly income aroused practically no resentment because the letters in themselves have no significance or relationship. Had the letters A, B, C, D been used or had 1, 2, 3, 4 been used, opposition would have been encountered since both of these groupings signify ranking.

paid handsome dividends in the form of improved individual operations and of a useful body of data on the conduct of such studies. The merchants in other cities might benefit likewise from similar co-operative action. It will cost little to investigate its possibilities, and a small investment can prove extremely rewarding.

Sample Questionnaire

Purpose: Where do inhabitants of Painesville make major purchases?

1. How long have you lived in Painesville? .....
2. Number in family: Children under school age ..... School age ..... Adults .....

Where was the last purchase of the following items made?

	P	*Other City*	*Reason*
3. Girls' clothing, age 8–16	.....	.....	.....
4. Boys' clothing, age 8–16	.....	.....	.....
5. Children's shoes	.....	.....	.....
Brand			
6. Infants' and children's outerwear	.....	.....	.....
7. Women's dresses	.....	.....	.....
Brand U6 U15 O15			
8. Women's cloth coats	.....	.....	.....
Brand U40 O40			
9. Women's dress shoes	.....	.....	.....
Brand			
10. Women's accessories (bags, costume jewelry, gloves)	.....	.....	.....
11. Yardgoods, for clothing	.....	.....	.....
Other	.....	.....	.....
12. Men's suits, topcoats, or overcoats	.....	.....	.....
Brand			
13. Men's dress or street shoes	.....	.....	.....
Brand			

Where was the last purchase of the following items made?

14. Records (classical, popular)	.....	.....	.....
15. Jewelry	.....	.....	.....
Over $5.00	.....	.....	.....
16. Housewares (pots, pans, and kitchen utensils)	.....	.....	.....
17. Gift wares (pottery, figurines, glassware, and dinnerware)	.....	.....	.....
18. Hardware (garden tools, tools, and screens)	.....	.....	.....
19. Bicycle, tricycle, or toys	.....	.....	.....
20. Automobile tires	.....	.....	.....
Brand			

(Continued on page 18)

Have you purchased any of the following since the war?

	P	*Other City*	*Reason*
21. Stove	.....	.....	.....
Brand			
22. Washing machine	.....	.....	.....
Brand			
23. Refrigerator	.....	.....	.....
Brand			
24. Vacuum cleaner	.....	.....	.....
Brand			
25. Radio	.....	.....	.....
Brand			
26. Television	.....	.....	.....
Brand			
27. Deep-freeze unit	.....	.....	.....
Brand			
28. Kitchen or breakfast set	.....	.....	.....
29. Living-room, dining-room, bedroom furniture	.....	.....	.....
30. Carpeting, rugs, linoleum	.....	.....	.....
31. Plumbing, heating equipment	.....	.....	.....

32. Home: Own ..... Rent .....
33. Husband's occupation ..... City or firm .....
34. How do you get downtown for shopping? .....
35. Usual shopping day ..... Time .....
36. Does closing Wednesday afternoon hinder your shopping? ..... Day preferred .....
37. What evening would you prefer stores staying open? .....
38. Do the stores open early enough in the morning? ..... M ..... F .....
39. Do you find Painesville a pleasant and convenient place to shop? .....

Is your Employee Publication an "Employee Publication"?

(Continued from page 7)

readers interested in the material now being printed? Perhaps readership studies should be conducted to learn what employees like and do not like; what they read and what they do not read. By using more employee co-operation, "communication" might become two-way instead of one-way.

The fact that house organs have survived the depression years indicates that they are filling a need. Perhaps they could prove even more valuable if more time, money, and thought were devoted to them.

What Have We Learned About Price Control?

Lawrence C. Lockley

Professor of Marketing, New York University Graduate School of Business Administration

Approaches to price control

Undesirable as price controls may be in a dynamic economy, if they are necessary good price-control mechanisms are better than poor ones.

There are, in general, three approaches to the problem of price control. The first is the attempt to stabilize prices at the ultimate point of purchase —the retail level for consumers' goods and the fabricator level for industrial goods. We tried that in the Second World War, with some success but with considerable inequity and inconvenience. We found that it required a monumental development of bureaucratic enforcement personnel, that—at least as we did it—it required various degrees of rationing and that it offended many persons who were entitled to vote. Apparently we do not wish to repeat the experiment.

Ceiling on profits

The second method is imposing a ceiling on profits. Unfortunately, this attempt is foredoomed to failure. In the first place, profits are determinable *after the entire marketing process is completed.* Profits are what is left over after all costs are paid. They depend on the relationship between the wholesale and the retail price levels; they depend on the degree to which competition makes selling expense heavy or light; they depend on the relationship between wage levels and selling prices. Moreover, even in fields closely competitive, profits (being in part a function of efficiency of management) vary greatly. Two firms that appear to have approximately the same business opportunities will on the one hand make a profit and on the other hand register a loss at the end of the year's business. Income-tax records show that even in the most prosperous years about half the corporations submitting tax reports show net losses. Profits are too fugitive and unstable to afford an adequate basis for price control. At best, they constitute a basis for taxing after the fact.

Margin control

The third method of price control—apparently the one to which we are, at the moment, committed—is control of margins. In the vista of oversimplification, this device appears to offer both the needed restraint on inflationary pressures and a degree of elasticity that allows the system of controls automatically to adjust to changes in material costs. It has the additional political attraction of avoiding any harsh treatment of wage levels and of pleasing the retail fraternity of the country. Will it work?

Margins vary

There are several realities of business that stand in the way of its being successful. The first difficulty is that of determining the percentage figure to call margin. At the retail level, the same store will sell merchandise at a wide range of gross margins. In a department store, even the largest and most efficiently operated, gross margin will vary from under 30 per cent of net sales for such items as Oriental rugs, radios, and phonographs, to 45 per cent or better for such merchandise as millinery, laces, and trimmings. In food stores, the range of margin is equally wide. Such goods as spices may run to margins of around 50 per cent of sales whereas sugar is often sold for less than 5 per cent margin.

The same variation of size of margin will apply at the manufacturers' level. A chemical manufacturing firm will sell acids and heavy chemicals on a very low gross margin whereas specialty products will sell under high margins. In one case, in the same firm, gross margin ranged from 8 per cent to over 50 per cent.

What, then, do we mean by gross margin? Will it be necessary to control gross margin for each item in a store's inventory? Such detail does not seem to be under consideration, and yet it is implicit in such an attempt to control inflationary tendencies.

Another difficulty is the fact that margins are not uniform within particular trade classifications. One large department store will attempt to maintain something in excess of a 40 per cent gross margin. Another will attempt to maintain 35 per cent. One soft-lines retailing firm with a number of stores attempts to maintain a gross margin of 27 per cent. Even within the same firm —as with a chain grocery companies— margins will vary. A chain grocery company having both self-service supermarkets and smaller semiservice stores will realize different gross margins for each type. We cannot take the short cut of specifying margins for each trade, each classification, or each locality but must stipulate margins by individual commodities by individual stores.

Initial markup vs. gross margin

There is a final difficulty. A retailer cannot control his gross margin. The figure he *can* control is his initial markup, the amount he adds to his cost of merchandise when he places it on sale. But this figure becomes indecisive because it will be reduced by markdowns, discounts to employees and customers, and shortages. In a buyers' market, when stores strive to sell, they relax their vigilance on credit control, they become more liberal on return policies, and the public becomes more capricious. According to the Harvard Business School studies, the year 1939 saw returns and allowances of 11.8 per cent of net sales and markdowns of 7.05 per cent. When the customer is in the saddle, she rides with a very firm rein. But during the war these figures dropped by a third. During the twelve-year period from 1936 through 1947, gross margin for department stores varied from a low of 35.4 per cent of net sales to a high of 38.7 per cent, or a total range of 3.3 per cent of net sales. On the other hand, profits ranged, during this same

period, from a low of 2.6 per cent of net sales to a high of 12.3 per cent (both before federal taxes). The range here was 9.7 per cent of net sales.

Certainly, experience during the Second World War does not suggest that a control of gross margin—had it been possible—would have been more than a mild mitigation in the face of inflationary tendencies. It must be remembered that this showing was made despite acute merchandise shortages and in the face of attempts at rigorous price controls.

Fundamental fallacy

The fundamental fallacy underlying a great deal of our thinking about inflation and its curtailment by means of one or another form of price control is that we can allow a sharp increase in total wages paid and still avoid a reflection of that increase in retail sales. There is inevitably a close relationship between the amount of money consumers are able to spend and the total of retail sales. The consumer can do only three things with the dollars he gets: pay taxes, save, and spend. No matter how rapid strides we make in our productive efficiency, as long as consequential segments of our wage-earning public are paid for the production of goods and services which do not flow back into our economy for sales to them, there will be an unbalance. To reach any other conclusion is to subordinate observation and reason to political expediency.

Self-restraint on the part of merchants—which has been earnestly urged by the administration—is not a strong enough bulwark against the inflationary pressure of customers with money to spend. The pressure is real. Even tax penalties are not enough to head it off.

Our fundamental difficulty is allowing consumer income to advance more rapidly than the volume of consumer merchandise available for purchase plus taxes on those with increasing incomes. Probably the basic difficulty in this impasse is the recent theory that members of labor groups have a vested interest in a protected standard of living and must, therefore, be granted wage increases to compensate for higher price levels. Only when the major part of our productive equipment is devoted to the manufacture of consumers' goods and services is this principle beneficial. At present, when military production is being given productive priority, this principle must contribute toward two tendencies, both undesirable: a continued inflationary pressure and a redistribution of income between wage earners who are union members and those who are not.

Possible courses of action

Price control per se is a counsel of perfection. The attempt to control prices without control of the forces that make price is merely treating symptoms and allowing the ravages of the disease to proceed unchecked. We have two possible courses of action. The first, already suggested, is a rigorous control of wages. The second is a rigorous rationing of all consumer goods and services. The combination of these two courses will control at least the superficial aspects of inflation. Concomitant should be simultaneous credit controls, which would help to sterilize the large sums

(Continued on page 39)

Design for Selling

T. Dart Ellsworth

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Boost retail productivity now

Retailers will make an important contribution to the current fight against inflation if they boost retail productivity now. The undertaking represents a task of considerable magnitude since it will require the overnight elimination of an evil that has plagued retailers over the years. It is complicated by factors such as (1) the huge size and unwieldy nature of the retailing structure, (2) retail productivity, never very high, has been in a downtrend for the last decade, (3) the threat of the man-power demands of the armed forces and war production to deplete the retail labor force, and (4) a seller's paradise has dissipated the economic pressures of the recent buyers' market to initiate needed changes in operating methods at this time.

Retailers should not permit themselves a feeling of security because of the current windfall of sales. Actually, the favorable position they enjoy today rests upon the uncertain foundation of an unpredictable world political situation that can change overnight. Too, their age-old problem of productive inefficiency has been made more complex by relatively recent developments in the field including (1) increasing costs of doing business, (2) a tendency to narrow the spread between retail and wholesale prices in a growing number of merchandise lines, and (3) an increasing mechanization of selling and nonselling retail activities.

Positive action needed

It is imperative that retailers take positive action to boost retail productivity now. Further delay can only multiply the chances of a chronic ailment developing into an acute condition requiring drastic measures to cure. Industrial experience should serve retailers well in formulating and executing an effective plan of attack. They must recognize that retail productivity can be maximized only if they organize their activities and function so as to create a maximum total impact at the *point of sales* with minimum effort. Attainment of this objective will require retailers to (1) acquire an understanding of the background and nature of retailing and its function in the American free-enterprise society, (2) analyze the activities involved in operating a retail store, (3) organize to sell, and (4) minimize the social frictions created by the conduct of a retail business within a community.

History of problem

Business historians often cite a general ineptitude in store management and operation as a fundamental reason for the early disappearance of the country

general store. Studies invariably point to inefficient production as the single largest cause for retail business failure. The University of Illinois' Business Management Service Bulletin reported in November 1949: "Department store operating costs rose 43 per cent between 1940 and 1946—and are even higher now."[1] There is little question that a lowered productivity was probably more responsible than any other factor for the pre-Korean-war squeeze on retail profits.

Actually, retail productivity constitutes an integral part of the overall problem of marketing costs and efficiency. The latter has proved a controversial subject since Samuel Johnson wrote a letter to the Master of University College, Oxford, England, in 1776, explaining and defending the methods and costs of marketing books then in vogue. The Twentieth Century Fund entered the controversy in 1939 when it published the well-known study, *Does Distribution Cost Too Much?*, and offered an explanation of why it cost fifty-nine cents of the consumer's dollar in 1929 to market goods and only forty-one cents to produce them. Paul F. Mazur, a prominent economist and business writer, injected a novel idea into the controversy in an article that appeared in the November 1947 issue of *Fortune*. Mr. Mazur asked, "Does Distribution Cost Enough?," and suggested that a close relationship existed between the so-called high cost of distribution and a high standard of living.

[1] *Industrial Engineering for Department Stores* (Business Management Service Bulletin No. 502 [November, 1949] [University of Illinois, Urbana, Ill.]).

The controversy to date has centered about an attempt to measure the respective efficiencies of marketing and industry in terms of their relative costs. Any answer to either question, "Does distribution cost too much?," or, "Does distribution cost enough?," stated in such terms, is meaningless as a measure of the efficiency of either process.

As a case in point, L. O. Been shows that the average percentage marketing and processing margins for meat, based on the retail cost of 1935–1939 average annual purchases by a family of three average consumers, ranged from 34 per cent in 1913 to 61 per cent in 1932 and back to 29 per cent in 1943.[2] It would appear erroneous to interpret these figures as indicating that the respective efficiencies of producing and marketing meat changed during the period as did their relative costs. Thus the real nature of the problem is not inherent in the fact that marketing and retailing costs are either greater or less than those of industry. Rather, it is begotten of the same malignant condition of low productivity that beset industry earlier in the twentieth century.

Not without precedent

During the first decade of the twentieth century, a lowered productivity coupled with curtailed plant expansion and shrinking profits forced the "captains of industry" to utilize the principles of *scientific management* advanced first by Frederick W. Taylor in

[2] *Price Spreads Between Farmers and Consumers for Food Products, 1913–1944* (United States Department of Agriculture, Bureau of Agricultural Economics, Miscellaneous Publication No. 576 [Washington, D.C.: Government Printing Office, 1945]).

1882. The soundness of that attack enabled industry to gain a position of world leadership and to provide Americans with the highest material standard of living ever known to the citizens of any nation. It permitted industry to draw considerably ahead of retailing in productive efficiency and to accumulate an imposing body of management doctrine as a valuable by-product of its experience.

Reasons for retailing's lag

However, there are a number of reasons for retailing's failure to keep pace with industry in boosting productivity. Industry enjoys several distinct advantages, the most important of which are (1) processes well suited for specialization and mechanization and (2) an adaptability to around-the-clock operation. Since a majority of retailing's processes must normally be conducted during daylight hours, the latter advantage has proved especially important in that it has enabled industry generally to obtain relatively greater daily production from its plant and equipment. It provided the economic spur that made it essential and practical for industry to seek ways to improve its performance and resulted in industry making an earlier transition than retailing from an extensive to an intensive phase of its development.

Failures of retailing

On the other hand, retailing is not without blame and has consistently exhibited an inability to take positive corrective action to raise its general level of performance. For example, there is a high incidence of ignorance of retailing principles and practices and of sound business methods among retailers; yet the country's approximately two million retailers have accomplished little in the way of making professional and vocational training opportunities available in their field. Granted, a few farsighted retailers did recognize this need a number of years ago and gave wholeheartedly of their time and money in an attempt to provide such training. It was through their efforts and money contributions that the Prince School in Boston, The Research Bureau for Retail Training in Pittsburgh, and New York University School of Retailing were founded.

Generally, retailers have failed either to take cognizance of the need for training among their members or to participate actively in the development of adequate programs. As a result, professional and vocational training opportunities in retailing today are relatively limited. Specifically, local school systems may conduct distributive-education classes with the financial assistance of the Federal Government. In addition, there are, perhaps, a hundred and fifty United States colleges and universities that include one or more courses in retailing among their offerings. However, small retailers are handicapped in obtaining essential training in the field since a majority of the courses are built around big-store operations and couched in the language of bigness.

Resistance to change

Again, large segments of retailers have been apathetic to change. For instance, a trend developed some years

ago to narrow the spread between wholesale and retail prices. Food retailers, in particular, grasped the significance of this trend and adapted their operations accordingly. A recent study [3] of the profits of several types of retail organizations indicates the good fortune of food retailers for having taken such action. The findings prove their operations outstanding during the last decade from the viewpoints of customers and store owners alike. Specifically, they absorbed a smaller part of the customer's dollar yet produced the greatest number of sales dollars and the next highest number of profits dollars per dollar of net worth. Generally, retailers have remained adamant in their purpose of maintaining traditional spreads between wholesale and retail prices despite the favorable showings of food retailers and the few others who have gone along with this trend of the times.

Forget *raison d'être*

Retailers, too, have apparently forgotten their *raison d'être*. For example, it would prove difficult to determine that *selling* is a primary activity of many stores from an examination of their functional and organizational charts. As a case in point, consider the department store. The plan of organization favored currently by most department stores was developed by a committee of the National Retail Dry Goods Association with the assistance of Paul M. Mazur, a banker and expert in retail-store operation and management. On the basis of the committee's study, Mr. Mazur wrote *Principles of Organization Applied to Modern Retailing,* which was published in 1927. The proposed plan provides for specialists to handle each of the four major functions—controller, merchandise manager, publicity manager, and store manager.

Selling receives minor emphasis and the sales force is placed at the bottom of the organization structure under the supervision of buyers. Major emphasis is given to buying and merchandising, and the organization is built around the individuals heading these activities. The buyer, in addition to actual buying, is assigned a varied assortment of duties and responsibilities. Thus, here is a major type of retail organization whose primary purpose for existence is to sell goods, that emphasizes *buying* rather than *selling,* breaks its salesforce into a number of small, unimportant parts rather than integrating it into a single hard-hitting unit, and gives responsibility for the direction and supervision of its sales force to buyers instead of to a sales manager of major executive stature and authority in the organization. It ignores completely the psychological differences between buyers and sellers.

Nature of retailing

Retailing is an essential institution in our free-enterprise society. It constitutes the largest and most costly element in our marketing structure and has the objective of providing the ultimate consumer with the goods and services needed in his daily living. Retailing is a dynamic process, and its techniques are constantly being evolved

[3] Research Division of the New York University School of Retailing. *Journal of Retailing,* Winter 1950.

CHART

Analysis of the Normal Activities Involved in
"What a Retailer Must D

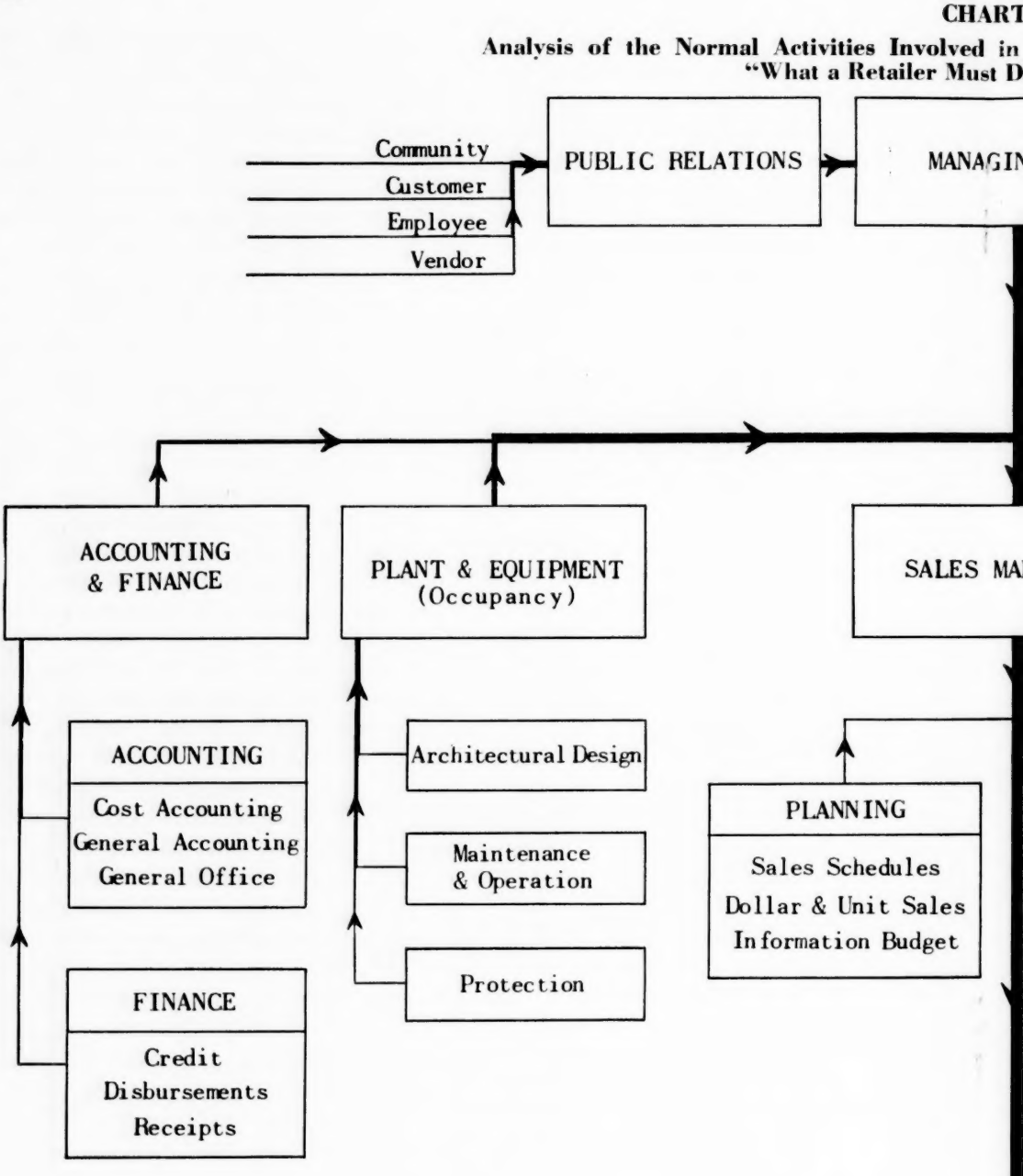
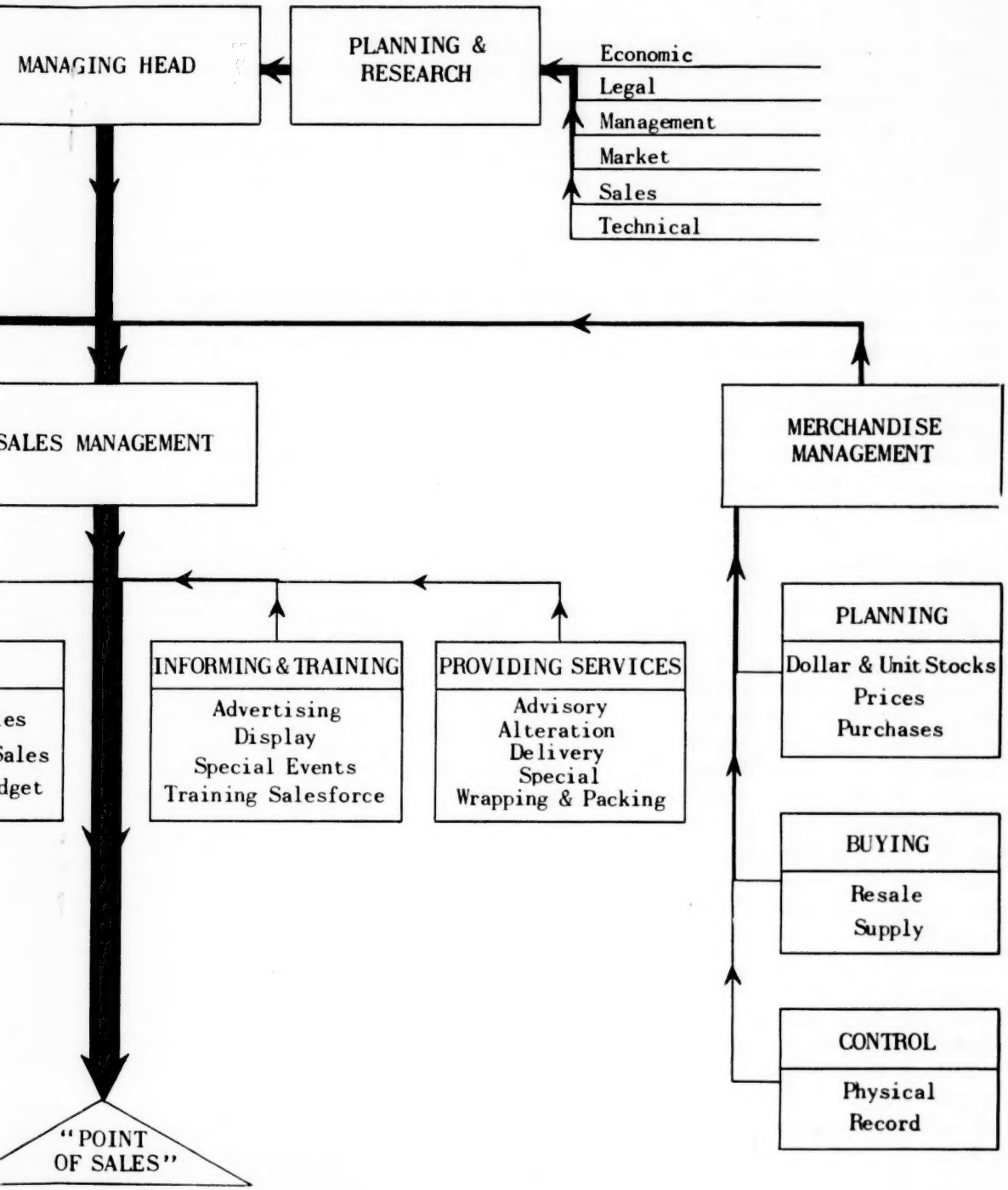


CHART I

volved in Managing and Operating a Retail Store
der Must Do to Be a Merchant"



and modified to conform with the ever-changing society within which it functions.

The consumer has long thought of a retail store as a place to buy the products of farm and industry, and there is a growing tendency for the progressive producer to think of a retail store as a place where his products are sold to consumers. From either viewpoint the function of a store —large or small—is to sell goods. Viewed under a microscope, the operation of a small store is similar in all basic respects to that of its larger competitor. Their chief differences result from relative numbers of employees, assortments and quantities of merchandise, and numbers and quality of customer services rather than in basic function.

A seller of goods

A retailer is a *seller of goods* having the objective of making a profit for himself in providing a merchandise service for his community. He is an enterpriser and his profits accrue in proportion to his ability to maintain favorable relationships between the various elements of his operation. If he manages the store he owns and operates, he has three separate economic identities—capitalist, enterpriser, and manager—and each entitles him to a specific type of income. As capitalist, he earns interest on his investment; as enterpriser, a profit for his enterprise and risk taking; and as manager, a salary or wage for his labor.

It is particularly difficult to think of a retailer as the *purchasing agent* for his community as conceived by the Joint Commission of Agriculture Inquiry in 1921. Enterprise implies risk whereas agency does not. If another term is deemed necessary to describe a retailer's relationship to his community, it would seem preferable to call him a *purchasing consultant* since advice and recommendation are implicit in the offering of goods for sale by a reliable retailer.

Merchant or speculator

Actually, an efficient retailer is a *merchant* buying and selling goods on the basis of preplanned quantities and prices at a profit. Calculated risk taking is inherent in his operation, but he is not a *speculator* buying and selling goods in the expectation of a profit through a change in market prices. Today, a retailer cannot afford to take unnecessary risks due to the extreme sensitivity of our economy to unpredictable political change and to the ever-increasing emphasis given to early style obsolescence. Every activity of a merchant should reflect the application of the principles of sound management.

Store objectives and policies

Founding a retail store represents a difficult undertaking. It requires decisions based on a careful study of factors, such as the nature and scope of the potential market, type of store best suited to area, availability of desirable store buildings and locations, types, quantities, and availability of needed equipment, fixtures, and merchandise, capital requirements, and legal forms of organization. A clear-cut statement of the store's specific objective and related business policies should be prepared in writing to eliminate misdi-

rected effort and wasted resources. The statement provides a basis for creating a definite store personality in the public mind and should cover policies including general business, merchandise, price, promotion, public relations, and service. Store objectives and policies should be continually modified and adapted to changing community conditions.

What retailers do

Analysis reveals the operation of a retail store to involve a number of diverse functions. By definition, a function is the *normal activity* of a person, thing, or institution. Analysis, then, constitutes a determination of the normal activities engaged in by a retailer in providing a merchandise service for a community.

Accounting and finance

The first normal activity of a retailer centers in his need to receive and disburse funds and to account for the profitability of his operations at the end of each fiscal period. The accounting activity makes available a historical record of financial operations. It involves establishing accounting, auditing, costing, and office procedures and systems that must be maintained and operated to assure efficient conduct of a business and for tax purposes. *Accounting and finance* play major roles in the successful operation of a retail store, yet many retailers regularly ignore or neglect the proper conduct of these activities.

Building and equipment

The second normal activity of a retailer centers in his need for a suitable building in which to house his merchandise and meet his customers. The activity involves the design, layout, installation, maintenance, and operation of a building and its fixtures and equipment. In addition, it includes establishing and maintaining adequate safeguards to protect the building and its contents against fire, theft, vandalism, and other hazards. The operation of a retail store's plant and equipment becomes more complicated and costly each year as the amount and specialization of retail mechanization increases.

Merchandise management

The third normal activity of a retailer centers in his need to manage and minimize the risk inherent in his merchandise investment. It encompasses translating anticipated customer demand, in conformity with store objectives and policies, into specific items and quantities of merchandise and adjusting the flow through the store so as to maintain predetermined relationships between sales and stocks. From the economic theorist's viewpoint, it adds final time and place utilities to consumer goods. Merchandise management involves planning, buying, and control, which, combined, enable a retailer to have the right merchandise at the right place at the right time in the right quantities at the right prices.

A merchant should emphasize *right prices*. This requires him to know the gross-margin percentage needed to operate his store and to realize that the store-wide figure does not necessarily apply to all lines or items of merchandise. It demands that he be familiar with his costs of buying, handling, and selling each item and with any price

restrictions placed on its sale. He should be careful not to confuse the concepts of *gross-margin dollars* and *gross margin expressed as a percentage of sales.* He should understand that a high gross-margin percentage item is potentially important to his operation only in proportion to its capacity to produce a high sales volume. Even gross-margin dollars do not tell the complete story of an item's value. One that produces high sales and relatively few gross-margin dollars because of a low markup per cent may prove a good net-profit dollar maker due to the low costs involved in its handling.

Selling management

The fourth normal activity of a retailer is inherent in his primary objective for being in business—to sell goods. Sales constitute his major source of operating income, and it is incontrovertible that a retailer can remain in business only so long as he sells what he buys. A retailer will find it difficult to justify economically the continuation of any store activity that is not felt at the *point of sales.*

The American Marketing Association defines selling as "the personal or impersonal process of assisting and/or persuading a prospective customer to buy a commodity or service . . . ."[4] Retail selling involves the exchange of merchandise for money or its equivalent, and no transaction is complete until all conditions of sale have been fulfilled. Inherent in the retail selling process is the need to inform consumers about the availability of merchandise and to translate its intrinsic qualities into terms of specific consumer services. A retailer thinking that having a *better mousetrap is sufficient unto itself* is apt to find his customers buying a needed product from a competitor who has been thoughtful enough to inform them about having it available for sale. The sole purpose of the selling process is to get customers to say, "I'll take that," and to back their words with money or its equivalent given in exchange.

Mediocrity *vs.* leadership

The four normal activities covered to this point are the minimums involved in managing and operating a retail store. Their efficient conduct may enable a retailer to enjoy moderate success. Outstanding success, however, is reserved for the retailer who thinks and plans beyond his daily operations and who plays an active and intelligent role in molding the social matrix in which he lives and works. The latter becomes a leader in his field and in his community.

Planning and research

An ability to plan has always been a distinguishing characteristic of intelligence. A plan achieves its highest form when it is based on a careful forecast of conditions for the time of its execution. The weakest link in the process is man's inability to forecast the future. Unscrupulous men have claimed this power from time immemorial and have preyed upon the gullibility of their fellows. They have surrounded their fraudulency with a mumbo jumbo and ritual that has

[4] "Report of the Definitions Committee," *Journal of Marketing,* October 1948.

caused honest men to shy away from engaging in such activities.

Planning and research constitute an effective tool in any effort to increase retail productivity, and every retailer should master their basic principles and techniques. Planning is setting goals in advance and scheduling the steps necessary to attain these goals. Research is gathering, organizing, recording, and analyzing all facts about a problem. Actually, planning and research provide a practical, down-to-earth approach to problem solving. Although large retailers frequently employ highly paid specialists to conduct these activities, an inability to engage the services of such experts is insufficient reason for any retailer to deny himself the benefits inherent in sound planning and research.

For example, a retailer can engage in an economical form of statistical research by installing and operating a merchandise record system to provide essential data as a basis for planning the future levels and rate of flow of his merchandise investment. He can conduct a simple market survey by obtaining customers' names and addresses and constructing a *pin map* to show their distribution in his market area. He might do technical research by analyzing customer complaints resulting from merchandise failures. Any retailer desiring to do a better job can find innumerable expedients to use in gaining additional information of an economic, managerial, or legal nature affecting his business. The fifth normal activity of a retailer, then, centers in his need to conduct an effective program of planning and research.

Public relations

A second distinguishing characteristic of an outstanding retail leader is an ability to recognize that business thrives best when it is conducted in a spirit of harmony, fair dealing, and good will. *Public relations* is a planned program of activities designed to develop between a retailer and his several publics a mutual feeling of friendship, understanding, and co-operation and to improve the general lot of the people among whom he lives and works. The publics include employees, customers, vendors, and community civic and legislative groups. The specific problems of each public must be considered individually and collectively. Contrary to a popular concept that public relations is 99 per cent words and 1 per cent deeds, deeds are far more effective in building a sound public-relations program. The latter requirement neither means being a do-gooder nor hiding one's light under a bushel.

For example, Harry W. Schacter described an interesting experiment in public relations in his talk, "Retail Leadership in the Fight for Democracy." [5] Mr. Schacter told how a group of Kentucky merchants took the initiative in the midst of war, in 1943, and arranged a meeting of some twenty of Kentucky's most important business, farm, labor, education, professional, and women's groups to discuss how their

[5] "Retail Leadership in the Fight for Democracy," a speech by Harry W. Schacter, president of Kaufman Straus Company, Louisville, Kentucky, and a director, City Stores Company, New York City, at the Top Management Session of the Thirty-Ninth Annual Convention of the National Retail Dry Goods Association.

state might set about to eliminate a dry rot that had brought Kentucky to the bottom of the forty-eight states in most of the worth-while things of life. That meeting resulted in the formation of the Committee *for* Kentucky to try to stop the slow process of erosion which had been going on in Kentucky for fifty years. The committee adopted the slogan "Wake Up Kentucky" and set about building a comprehensive program to tell all Kentuckians the bitter truth about their home state and to arouse in them the purpose and willingness to do something about it. Mr. Schacter's discussion of how Kentuckians responded to the call and the results they accomplished is must reading for every retailer who is interested in developing a well-rounded public-relations program and is willing to accept responsibility for active leadership in the affairs of his community.

The sixth normal activity of a retailer, then, centers about the need to reduce to a minimum any frictions developed by the operation of a store within a community. The solution to this extremely challenging problem is to be found only in an understanding of its fundamental nature and in a sincere desire to build harmonious and friendly relations with one's fellow men. A willingness to deal fairly and to help others enjoy fully the high material standard of living made available to them by the American free-enterprise system cannot fail to improve the lot of any retailer.

Functional chart

A diagram of the normal activities of a retailer as a seller of goods is shown in Chart I (centerfold). The designated activities are common to large and small retailers alike. The arrows have been superimposed and the lines graduated in size to show how each activity should impact at the *point of sales*. It is not an organizational chart built around an analysis of the work performed by the various employees of a large retail store. Rather it is a functional chart and constitutes the soundest basis for the construction of an organizational chart and for the vertical integration of functions.

Management

Management is a much confused word. One user conceives of it as a state of mind, another as a level of administration, and a third as a collection of activities. For instance, as used by the father of scientific management, Frederick W. Taylor, management is, in essence, a state of mind often requiring a complete mental revolution on the part of an individual and taking from three to five years to accomplish.[6] On the other hand, Alvin Brown, a well-known business writer, defines management as "Often used to denote: 1. An upper level of supervision. 2. Administration in the inner stages of delegation. Since it is impossible to define such a level, or such stages of delegation, it seems best to avoid use of the word when certainty of meaning is a requirement." [7] Lastly, Dexter S. Kimball and his son define management as

[6] *Scientific Management* (New York: Harper and Brothers, 1947), esp. Taylor's testimony before the Special House Committee, p. 27.

[7] *Organization of Industry* (New York: Prentice-Hall, Inc., 1947), p. 357.

embracing "all duties and functions that pertain to the initiation of an enterprise, its financing, the establishment of all major policies, the provision of all necessary equipment, the outlining of the general form of organization under which the enterprise is to operate, and the selection of principal offices." [8]

Actually, there would seem to be better terms available to identify what these men and other writers on the subject have in mind when they talk about management. Specifically, does not "scientific method" better describe Mr. Taylor's concept and "top organization" Mr. Brown's? Also, have not all of them overlooked the concept so capably advanced by Billy E. Goetz, professor of business administration at Antioch College, that an enterprise functions within a social matrix,[9] and failed to reconcile an economist's concept [10] of enterprise with that of a businessman's? In fact, have they not generally missed the point that management is neither men, state of mind, nor process alone; rather it is the product of a fortunate synthesis of all three.

Management is a flow of decisions effectuating the efficient conduct of an activity or enterprise harmoniously within a society. It is inherent in the power accumulated by an enterpriser over the several factors of production. The principles and techniques involved in management are based on the fundamental beliefs that a systematic approach provides a superior way to solve business problems and that change, in itself, is neither good nor bad. It demands an inquiring mind and well-ordered thinking and utilizes techniques such as job evaluation, methods engineering, time and motion study, variable budgeting, and incentive plans to increase efficiency and reduce costs. Any businessman employing sound management principles and techniques invariably finds himself in the enviable position of making decisions based on choices from among all practical alternatives.

Productivity is the ratio of energy or physical output to energy input and constitutes an excellent measure of the efficiency of an enterprise. It is affected by many factors, including technological improvements, new work methods, revisions of plant layout, improved materials and products handling, increased skill of work force, and changes in services purchased. Thus, an increased product may not necessarily mean an increased productivity, which can be determined only when the new total output figure is related to the new total energy input.

Retailers employ management engineers

A small number of retailers have already begun to draw on the experience of industry in an effort to eliminate productive inefficiency and to lower their costs of doing business. Evidence of this trend is available in the increasing number of industrial engineers who have been engaged by retail organizations to evaluate and improve their

[8] D. S. Kimball and D. S. Kimball, Jr., *Principles of Industrial Organization* (New York: McGraw-Hill Book Company, 1947).

[9] *Management Planning and Control* (New York: McGraw-Hill Book Company, 1949), p. 2.

[10] Lewis H. Haney, *Value and Distribution* (New York: D. Appleton-Century Company, 1939), chap. xii.

methods of operation. These activities have resulted in retailers designing their physical plants—stores and warehouses—from a functional viewpoint, utilizing central-buying and merchandise-management techniques on a greatly increased scale, introducing methods engineering and time studies to attain greater output per unit energy of input, making greater utilization of mechanization for selling and nonselling activities, and, in general, breaking away from traditional ways of operation when study has proved them outmoded. These and numerous additional management techniques, developed by industry, have enabled the retailers employing them to increase the efficiency of their operations.

For instance, Federated Stores, Inc., has been a leader in using sound management techniques to solve its problem of bringing retail costs of operation into line. Functional design principles are embodied in its new Foley Brothers department store in Houston, Texas, and in the F. and R. Lazarus and Company bulk warehouse opened in Columbus, Ohio, in 1949. A summary of the results of the first twenty months of operation of the latter structure is reported in a recent issue of *Business Week*.[11] It relates how, "because of the new building, bulk purchases such as furniture, appliances, and rugs can be delivered to customers within 48 hours" and how the operation has resulted in savings including "inbound transportation charges—reduced 29.9%; handling costs of incoming goods—reduced 10.6%; merchandise loss and damage—reduced 46.7%." Additional instances might be cited to show how retailers have utilized the principles of sound management to boost productivity.

[11] "Savings on Service," *Business Week*, December 9, 1950.

Small retailers at disadvantage

Currently, small retailers are at a distinct disadvantage in any attempt to adapt sound management principles and techniques to their operations. An imposing body of management doctrine has been developed by the larger industrial firms and its language is that of "bigness." However, small retailers must neither spend their time fearing it nor in envying the results obtained by the relatively few large retail organizations making use of it presently. They must realize that, to date, it has been unprofitable and, therefore, impractical for those most concerned with the development of this body of doctrine to undertake to prove that its principles and techniques are equally adaptable to the needs of large and small organizations. All retailers should co-operate actively in rectifying this situation and in working toward the establishment of adequate professional and vocational retail training facilities for all.

Design for selling

There is ample evidence that retailers can boost retail productivity now if they will *organize to sell*, adapt sound management principles and techniques to their specific operational needs, and sensitize themselves to customer demand. Their attack must be positive, unified, and designed to meet situations growing out of today's conditions. It must give consideration to current

(Continued on page 48)

Are Your Store Directories Showing?

Research Division, New York University School of Retailing

Shopping mazes

Department stores are still erecting artificial and needless barriers between the merchandise they want to sell and their potential customers. They are doing this by compelling shoppers to run the equivalent of *psychological mazes* in finding their way about store premises while locating wanted merchandise. This is the conclusion of a study made recently by the Research Division of New York University School of Retailing.

It would require extensive and careful research and probably prove a difficult if not impossible task to measure or even approximate the number of *lost sales* in a typical large store during the course of a day. But it is not difficult to enumerate the causes for lost sales. For example, some develop from the personal frictions between customers and salespeople while others are created by mechanical things such as store layout, poor planning for vertical transportation, and even inadequate lighting and ventilation. Many of the causes for lost sales are inherent in the very bigness of the modern department-store physical plant.

Topsy-like growths

The average large department store has grown through the years by spurts. The building next door might have been purchased and passageways cut through the walls. Floors have sometimes been added on roofs. The result is that a shopper not only has more floors to worry about, she also has to ascertain which of several buildings houses the merchandise she wants. More than one potential customer has gone to the eighth floor of the "main" store, only to find that she should be on the eighth floor in the "new" building. The fact that bridges and tunnels have been provided does little to lessen her displeasure and annoyance. Rather than make a trip to the new building, she may go straight home. The result is another lost sale the store does not know about.

Stores faced with this handicap do not like the situation. It has resulted from the use of expedients that have enabled them to grow large and can only be corrected by impossible expenditures for new plant and equipment. The solution is to make the best possible use of present buildings. Everything within reason must be done to help shoppers seeking specific items of merchandise find their way about the huge structures. They must not be permitted to develop the feeling that they are running mazes in search of some article that could be purchased more easily in a neighborhood shopping center.

Conduct of survey

This survey was conducted by New York University School of Retailing to determine what larger New York department stores are doing to assist their shoppers in finding wanted mer-

chandise. A research assistant was sent into each of fifteen stores to find specific items of merchandise. The assistant's instructions were to use store directories, if available; if not, to ask salespeople for specific directions. In seeking the first type of information he was instructed to note on at least three floors of each of the stores specific types of information such as:

1. Whether store directories were near elevators and escalators
2. Whether floor directories were near elevators and escalators
3. Whether there were any indicators pointing the way to specific departments

He was also instructed to check elevators to determine if store and floor directories were conspicuously displayed and if operators announced the main departments on each floor. He was to question salespeople concerning the location of specific departments or classes of merchandise on the same, or other, floors. He was given particular instructions to observe the amount of help available to shoppers who use escalators.

Escalators

The findings of the investigation disclose a lack of directories near the escalators. The fact is that only 5 per cent of the escalator landings of the fifteen stores studied have store directories nearby. An escalator customer who desires merchandise-location directions must go to a convenient elevator to obtain them. Generally, stores show a distinct tendency to place floor directories rather than complete store directories near escalators. Sixteen per cent of the main-floor escalator landings have floor directories within easy view while on the upper floors this figure rises to 70 per cent. Of all the escalator landings examined, however, only one floor in one store has a complete floor directory convenient to the escalators with directions showing the general locations of all departments on that floor. Several other stores make less complete attempts to provide shoppers with necessary directions on all floors. This is often limited to indicating in which building of the store each department is located.

Elevators

Customer direction at elevator landings is somewhat better handled. Seventy-four per cent of the elevators in the stores studied have store directories near first-floor landings. On the upper floors only 57 per cent of the landings have store directories conveniently located for elevator passengers. In most instances, a store directory is fastened to the wall between two central elevators of a bank. However, in several stores this directory is placed at the end of the leading bank or even around the corner from it. Only 12 per cent of the elevator banks have floor directories nearby, and many of these are so poorly placed as to be of little practical value. The findings of the survey indicate only one prominent, easily read floor directory conveniently located on an elevator landing and not one example of directional indicators.

Fifty-eight per cent of the elevator cars surveyed have store and floor directories. In practically every case these floor directories are complete, one for each floor, and thus serve also as

store directories. Thirty-seven per cent of the elevator operators announce the departments as each floor is approached. These announcements, however, are often given too rapidly to be easily understood.

Again, the customer viewpoint

Let us consider these figures from the shopper's viewpoint. If she happens to be on one of the upper floors and wishes directions to another floor, she has only a 5 per cent chance of finding a store directory near an escalator landing. If she seeks needed directions near elevator landings, she has only a 57 per cent chance of finding a store directory. Thus she is 1,000 per cent better off seeking near an elevator than an escalator for directions she needs to locate wanted merchandise. Despite the tremendous increase, though, she still has only a little better than a fifty-fifty chance of finding what she wants. Thus, she is left with the alternatives: (1) go back to the main floor where she knows a store directory is available, or (2) consult a salesperson.

Before considering the adequacy of salespersons' directions, mention should be made of another effort some of the stores are making to help customers. Four of the fifteen stores issue small pamphlets giving departmental locations. These directories are usually available on the main floor near street doors. However, one store has them located in front of the elevators on the main floor. Two of the pamphlets list the floor on which merchandise can be found, one locates merchandise by the directions "front," "center," or "rear" of the store and also by the nearest street. The first store's directory locates merchandise by the floor, building, and column number.

Directions given by salespeople

In seeking data on directions given by salespeople, the research assistant was instructed to ask for directions to a particular article of merchandise either on the same floor or on another floor in the store. The answers given by the salespeople to these questions were rated on the basis of:

1. *Clear—If* the salesperson gave floor and area of floor where article could be found or specific directions to an article on the same floor
2. *General—If* the salesperson gave floor but not area where merchandise was located or general directions to merchandise on same floor
3. *Indefinite—If* the salesperson was neither certain regarding the floor on which the department was located nor the exact part of floor where the merchandise might be found
4. *Did Not Know—If* the salesperson actually did not know location and gave general or wrong directions

The findings of the survey indicate that a customer who finds no convenient directory and asks directions from a salesperson fares rather badly. For example, if she asks for a department on the same floor as the salesperson is located, she will be given *clear* directions 41 per cent of the time. If she seeks guidance from this salesperson about other floors, she will receive clear directions only 29 per cent of the time.

It must be borne in mind that the research worker did not ask for the

location of specific small items, but rather for a general class of merchandise, such as girls' gloves, upholstery material, or cameras. Thus it can be seen that, if a customer asks a salesperson in any one of the stores studied to be directed to a broad classification of merchandise, she will receive incorrect, misleading, or unsatisfactory directions 30 per cent of the time. A comparison between Fifth Avenue stores and those in other locations showed no significant difference between the abilities of the salespeople to give directions. This finding would seem to emphasize the need for stores to train salespeople more carefully in all merchandise locations and in how to give clear directions.

salesperson, who spends five days a week in a store, can give clear directions only 33 per cent of the time, how can a customer be expected to possess an adequate knowledge of store layout. If a customer does not know a store's layout and if salespeople cannot give her guidance, the only sensible thing to do is provide signs, directories, and possibly pamphlets for her convenience.

It is certain that inadequate directories lead to lost sales in stores each day. The question is, "How large is the loss?" An argument for continuing the present system may be made. Probably many customers eventually find the merchandise they want. In running the maze they may see other goods which they buy on impulse. Since a sizable

TABLE I

Analysis of Salespersons' Answers to Requests for Directions on How to Locate Particular Items of Merchandise

Description of Answer	Merchandise Desired Located On (Per Cent)		Composite by Per Cent
	Same Floor	*Another Floor*	
Clear	41	29	33
General	31	40	37
Indefinite	13	9	10
Did not know	15	22	20
Total	100	100	100

Conclusions

The data indicate that the stores studied, as a group, are not doing enough to direct customers about their premises. A potential customer in one of the stores will find herself without directions and inconvenienced 95 per cent of the time if she rides the escalators and 43 per cent of the time if she rides their elevators. If she asks one of their employees, she will be misdirected about 30 per cent of the time. If a proportion of total sales is sometimes thought to result from such impulse buying, some retailers may consider it wise not to change present policies. But there is the larger question of customer frustration and annoyance. A downtown department store, though operating suburban branches, is still vitally interested in keeping a sizable main-store trade. As a result, they are led to establish easy-return policies and expensive delivery systems.

It has been said that the whole marketing system for some types of consumer goods depends upon the point of contact between the customer and the salesperson. If the selling is poor, much of the previous promotion and distribution expense has been wasted. Is it not just as true to say that the system has broken down if a shopper cannot find the merchandise she wants?

If stores are to protect their huge investments in downtown property, it is necessary that they make downtown shopping a happy experience for their customers. Helping the customer find her way around the store premises is an aspect of the problem that can be easily overlooked. Individuals tend to become accustomed to things as they are. Because a store executive knows where to find the blanket department in his store, he tends to assume that others can do the same. He forgets that *others* include the "average" customer who has an "average" I.Q. She is not a detective. She does not read with facility. She may easily tire of running mazes in search of wanted merchandise. With downtown shopping becoming more difficult, her shopping excursions into these crowded areas may become less and less frequent.

What Have We Learned About Price Control?

(Continued from page 21)

accumulated as inevitable savings under this two-pronged attack.

Both of these courses are politically repugnant to any administration that can look far enough ahead to anticipate the next national election. And yet they represent the only methods we now have for heading off the strong inflationary pressures that could soon threaten our economic institutions.

Possibly we are at a state of national crisis under which it will become necessary for a national administration to share the self-restraint and self-sacrifice that that administration asks of the business community.

Selling Methods and Merchandise Knowledge of Men's Wear and Shoe Salespeople

N. H. Comish

Professor of Business Administration, University of Oregon

Purpose of study

Two former investigations made by the author with the assistance of his research students indicate that more customers (1) stop trading at stores because of inefficiency of salespeople than for any other reason and (2) prefer to trade at one store rather than another due to efficient salespeople. Because of these previous findings, the writer set out to discover something about the various selling methods and merchandise facts employed by retail-store salesmen. Under his supervision, forty of his research students made a shopping survey of 4,002 regular salespeople in twenty-four classifications of retail stores in Oregon in 1950.

Conduct of study

The author made up a questionnaire (page 46) dealing specifically with the approach and attitudes of salespeople, their knowledge of merchandise, their selling appeals, and the methods they employ to close sales, to answer common objections to buying, and to suggest additional merchandise. Copies of the questionnaire were distributed to the research students—all of whom were trained in salesmanship and most of whom were experienced in retail selling.

Each investigator approached salespeople in representative types of stores throughout the state, simulating a desire to buy merchandise valued at $5.00 or more. He noted the sales knowledge and the methods employed by the salesman, asked appropriate questions from time to time to bring out selling points, and stayed approximately ten minutes with each salesperson. After each shopping, the investigator would leave the store and fill out a copy of the questionnaire while the data were fresh in his memory. Neither the salespeople being tested nor the officials in stores where the tests were made were aware of the study. Data based on the shoppings are shown in tabulated form throughout this report.

Prompt approach

Let us consider first the results relating to salespeople's approach and their demonstrated appreciation of the customer's viewpoint as summarized in Table I. By a prompt approach is meant one in which the salesperson approaches the customer at the logical moment. The salesman does not pounce on the customer, but approaches and puts her at ease with a friendly salutation that indicates a genuine desire to serve. Seventy-four and eight-tenths per cent of the 4,002 salespeople in the all-types

group, 78.7 per cent of the 354 men's wear salesmen, and 83.6 per cent of the 110 shoe salesmen studied did approach their customers promptly. Thus, while a fourth of all the salespeople shopped showed a deficiency in prompt approach, only about one fifth of the men's wear salespeople and somewhat fewer than one fifth of the shoe salespeople demonstrated this deficiency.

Pleasant approach

A pleasant approach is demonstrated by the salesperson who greets a customer with a smile and shows a willingness to serve. In general, a majority of the salespeople in all three groups of stores make pleasant approaches. Specifically, the number of salespeople in the different groups showing a lack of pleasantness ranges from a low of 3.6 per cent to a high of 11.2 per cent.

The salespeople exhibit an even better record in the matter of making a courteous approach to customers. We mean by a courteous approach one in which a salesman, by his actions, manners, and speech, demonstrates politeness. In the all-types classification, 89 per cent exhibited a courteous approach as against 90.9 per cent in the men's wear group and 95.5 per cent in the shoe category. Obviously, comparatively few salespeople are wanting in courteousness.

Businesslike approach

But two groups of the salespeople fall down in the instance of a businesslike approach. A businesslike approach is one in which the salesperson sticks to the customer's interests rather than getting off on personal experiences which have no relation to the selling incident. Of the salespeople shopped, 81.4 per cent in the all-types category, 88.7 per cent in the men's wear category, and 95.5 per cent in the shoe category make businesslike approaches. Thus, while fewer than 5 per cent of the shoe salesmen show a deficiency in this phase of a favorable approach, about 11 per cent of the men's wear salespeople and nearly 19 per cent of the all-types group demonstrate weakness in this phase of their work.

Customer's viewpoint needed

Still more salespeople need to acquire an ability to get the customer's viewpoint. When a salesperson is adept in doing this, he caters to the customer's wishes. For example, a salesperson will cater to a customer's desires in the matter of quality, fashion, price, color, and the like rather than ignore them. In the three groups, from 16 per cent to 25 per cent of the salespeople exhibit weaknesses in getting the customer's point of view. To be exact, 75.5 per cent of the all-types, 74.6 per cent of the men's wear, and 83.7 per cent of the shoe salesmen made an appreciable effort to obtain the customer's viewpoint.

Salesperson's knowledge of merchandise

Table II, summarizing the knowledge of merchandise exhibited by the salespeople tested, shows considerable variation. Of the 4,002 salespeople studied, only 74.7 per cent know the origin of their merchandise as against 82.3 per cent of the 354 men's wear salesmen and 90.9 per cent of the 110 shoe salespersons.

TABLE I

The Percentages of Salespeople Who Make Prompt, Pleasant, Courteous, and Businesslike Approaches and Who Get the Customer's Viewpoint

Phases of Approach and Viewpoint	*All Types of Salespeople (Per Cent)*	*Men's Wear Salespeople (Per Cent)*	*Shoe Salespeople (Per Cent)*
Prompt approach	74.8	78.7	83.6
Pleasant approach	88.8	89.5	96.4
Courteous approach	89.0	90.9	95.5
Businesslike approach	81.4	88.7	95.5
Customer's viewpoint	75.5	74.6	83.7

The records of all three groups of salespeople in knowledge of the characteristics of the merchandise they handle is definitely low. In fact, more than one third of the salespersons in the first two groups and precisely one fifth of the shoe salesmen show deficiencies in knowledge of the characteristics of their goods.

The first and third groups make an even poorer showing in knowledge of the uses of articles they sell—their ratings being 51.8 per cent and 60 per cent, respectively. The picture is a little better for men's wear salesmen—64.3 per cent. The percentages dip even lower in knowledge of the care of merchandise when not in use. Only 48.4 per cent of the salespeople in the all-types and men's wear categories and only 51.8 per cent of the shoe salesmen demonstrate adequate knowledge of this kind.

As a whole, the salespeople shopped made their poorest showing in knowledge of the services implicit in goods. For example, only 37.3 per cent of the all-types group, 50.3 per cent of the second, and 40 per cent of the third displayed sufficient information of this nature. A much better record is shown by all three groups in the instance of qualities of merchandise. Not quite 25 per cent of the salespeople of the all-types category, slightly under 15 per cent of the men's wear group, and only 4 per cent of the shoe category are deficient in this type of merchandise knowledge. The salespersons tested fare better in a knowledge of brands: 71.9 per cent of the all-types group, 80.5 per cent of the men's wear, and 87.3 per cent of the shoe salespeople know their merchandise brands. They make a somewhat better showing in a knowledge of price lines. The data indicate that the salespeople are fairly familiar with the location of their goods.

Methods of meeting objections to buying

Now let us take up the methods employed by the salespeople shopped to answer common objections to buying. The reverse-English method tactfully turns the objection into a selling point, making the merchandise more desirable to the customer. Men's wear salesmen made the poorest showing and shoe salespeople the best in the use of this important device for answering common objections to buying. However, even the high figure of 40 per cent is not an enviable record.

Generally, those tested made a better showing in the use of the simple indirect

TABLE II

Percentage of Salespeople Who Exhibit Specific Knowledge of Merchandise

	All Types of Salesmen (Per Cent)	*Men's Wear Salesmen (Per Cent)*	*Shoe Salesmen (Per Cent)*
Origin of merchandise	74.7	82.3	90.9
Content of goods	76.0	82.9	85.5
Characteristics of items	61.4	61.2	80.0
Uses of articles	51.8	64.3	60.0
Care of merchandise when not in use	48.4	48.2	51.8
Accompanying services of goods	37.3	50.3	40.0
Qualities of articles	75.8	84.2	96.4
Brands of merchandise	71.9	80.5	87.3
Price lines of items	78.9	83.0	94.5
Location of goods	82.0	87.6	94.5

denial ("Yes, but") method. This technique requires a salesperson to presume to agree with an objection and then to present another viewpoint to counterbalance it. Almost twice as large a percentage of shoe salespeople as either the all-types or men's wear salespeople were found to employ this method effectively.

As groups, the salespeople were found to be weak in using the reverse-position method to overcome common buying objections. This method requires a salesperson to ask the customer to explain a buying objection in greater detail so that the salesman may learn more about the specific merchandise requirements of the customer. Less than one fifth of all salespeople studied were found to employ this valuable selling device.

The salespeople shopped show better records in the use of the superior-point method to answer buying objections. This device requires a salesperson to admit the validity of a buying objection and then to call the customer's attention to significant points that outweigh the objection.

The salespeople are not so familiar with the question method. This device requires a salesperson to seek to overcome a buying objection by asking the customer a question. The customer's

TABLE III

Percentage of Salespeople Who Answer Common Objections to Buying by Each of Five Methods

Methods Employed	*All Types of Salespeople (Per Cent)*	*Men's Wear Salespeople (Per Cent)*	*Shoe Salespeople (Per Cent)*
Reverse-English method	29.0	24.0	40.0
Indirect-denial method	34.8	38.4	71.8
Reverse-position method	18.9	29.4	20.0
Superior-point method	38.7	46.7	32.7
Question method	18.9	31.1	9.1

answer tends to outweigh his previous objection. If his reaction is a logical one, he will buy the article.

Sales-closing methods

Let us now turn to the methods used by the salespeople shopped to close sales. By the summation method is meant that a salesperson quickly sums up at the psychological moment the sales points that the customer has heretofore approved in the sales presentation. The best showing in the use of this device for closing sales was made by the 354 men's wear salesmen shopped. Their high figure of 89.2 per cent shrank to 56.4 per cent for the shoe salesmen and to 36.5 for the all-types group.

All three classifications of salesmen shopped demonstrated a greater use of the direct-question method than of the summation method of closing. Their record in this instance, however is not to be commended as this technique should rarely, if ever, be employed. It means that the salesperson asks the customer outright if he wants a particular article and thus gives him a choice between it or nothing. All too frequently the choice is nothing since the salesperson makes it only too easy for the customer to say, "No." The men's wear salesmen made a particularly poor showing in this instance in that 89.5 per cent of them use this undesirable technique to close sales.

The alternative-presentation method requires a salesman to ask a customer which of two items he prefers. It is effective in that is makes it difficult for a customer to say, "No." The men's wear salespeople make the best showing in the employment of this device, with 82.1 per cent, while shoe salespeople make the poorest with 37.3 per cent.

In employing the suggestion method to close sales, a salesperson merely suggests a decision, as, "Do you think six handkerchiefs will be enough?" The showing made by shoe salespeople in this case is understandably bad and is only 4.6 per cent. But there is no explanation for the record made by the all-types salespeople. The men's wear salespeople demonstrated an outstanding ability in the use of this unusually effective type of sales closing.

The assumption method means that a salesman takes it for granted that the sale has been made without the actual assent of the customer. The salesperson might say, for example, "You have made a wise choice. I am sure you will enjoy this article." Again, men's wear salespeople made an excellent showing

TABLE IV

The Percentage of Salespeople Who Use Each of the Five Methods to Close Sales

Methods	*All Types of Salespeople (Per Cent)*	*Men's Wear Salespeople (Per Cent)*	*Shoe Salespeople (Per Cent)*
Summation method	36.5	89.2	56.4
Direct-question method	40.4	89.5	62.7
Presenting alternatives	38.5	82.1	37.3
Suggesting a decision	27.6	90.9	4.6
Assuming a decision	34.3	89.5	16.4

with 89.5 per cent against a low of 16.4 per cent for shoe salesmen.

Suggestion selling

There is not nearly the variation between the groups when it comes to suggesting the purchase of additional merchandise. Roughly about one third of the salespeople shopped do not employ this important selling technique. Such a showing is a decidedly poor one in view of the tremendous efforts that merchants are constantly making to improve suggestion selling. Sixty-seven and three-tenths per cent of the men's wear salespeople, 62.7 per cent of the shoe salespeople, and 56.3 per cent of the all-types salespeople suggested additional merchandise to their customers.

Conclusions

Authorities on salesmanship generally agree that the salesman who employs the principles of good salesmanship makes buying and selling more pleasant, saves his own and his customer's time, raises his earnings, and, as a rule, increases the store's sales and profits. This survey shows that a majority of the salespeople shopped employ favorable approaches but that sizable numbers need considerable training in some of the elements of a good approach. That is especially true regarding the ability to be prompt and businesslike and to get the customer's point of view.

The data also indicate that a considerable number of the salespeople studied are deficient in knowledge of the merchandise they sell. Specifically, many of them need a better knowledge of the origin and content of the merchandise, its characteristics, uses, care when not in use, and the inherent services and qualities of the merchandise, as well as brand names, price lines, and even location within the store.

By and large, the salespeople covered by the survey make a poor showing in the use of the five fundamental methods for answering common objections to buying, such as "The price is too high" and "I think the quality is too low." About two thirds of the salespeople shopped need considerable training in the employment of each of these methods.

The salespeople, except for the men's wear group, exhibit decidedly poor records in their techniques for closing sales. Altogether too many used the direct-question method, which should rarely, if ever, be employed. Almost two thirds of the all-types group need training in the employment of the other four closing devices, and most shoe salesmen need training in the use of one or more of the other four devices for closing sales.

Finally, large numbers of the salespeople in the different groups are decidedly weak in suggestion selling. This record is doubly distressing inasmuch as investigation indicates that 90 per cent of the customers expect salespeople to suggest additional items. Adequate training for salespeople should help prevent both customer and merchant from being disappointed on this score.

Summary

In summary, these data indicate that merchants have generally done a good job in manning their stores with sales-

people who are polite and who possess at least a fundamental knowledge of salesmanship. But there still remains a considerable task for merchants to carry out in training their salespeople about the specific qualities, uses, and care of merchandise and in the more expert use of advanced sales techniques. This task presents a major challenge to merchants in view of the currently tight labor market and the overhanging threat that it will worsen before it improves. There is a dollar-and-cents need on the part of each individual merchant to take the essential steps necessary to establish a training program that will assure adequately trained salespeople and high sales productivity.

Sale Testing Sheet

N. H. Comish, University of Oregon

Name of store _____
Type of store _____Department _____
Merchandise considered in test _____
Description of salesperson:

1. Sex _____	5. Height _____	9. Mustache? ___	12. Scars _____
2. Age _____	6. Weight _____	10. Build _____	13. Dress _____
3. Hair _____	7. Teeth _____	11. Complexion ___	14. Jewelry _____
4. Eyes _____	8. Glasses? _____	_____	_____

The Approach

	Draw a circle around the correct response:	
Did the salesperson make a prompt approach?	Yes	No
Did the salesperson make a pleasant approach?	Yes	No
Did the salesperson make a courteous approach?	Yes	No
Did the salesperson make a businesslike approach?	Yes	No
What was the salesperson's opening remark? _____		
_____		
Did the salesperson secure the customer's point of view and handle the customer considerately?	Yes	No

Knowledge of Stock

Did the salesperson know the origin of the goods?	Yes	No
Did the salesperson know the content of the goods?	Yes	No
Did the salesperson know the characteristics of the merchandise like strength, waterproof, etc.?	Yes	No
Did the salesperson know the uses of the goods, e.g., for formal and informal occasions, etc.?	Yes	No
Did the salesperson know what services accompany the merchandise, e.g., alteration, etc.?	Yes	No
Did the salesperson know how best the goods could be taken care of when not in use?	Yes	No
Did the salesperson know the location of the goods in his department?	Yes	No
Did the salesperson know qualities?	Yes	No

Did the salesperson know brands?	Yes	No
Did the salesperson know price lines?	Yes	No
Did the salesperson incorporate his knowledge into a convincing sales talk?	Yes	No

Objections of Customer

Did the salesperson effectively answer such common objections as "too high price," "want to shop around," "will buy later"?	Yes	No
Did the salesperson answer the above objections by the following methods:		
1. Reverse-English method, which turns objection into selling point?	Yes	No
2. "Yes, but" or indirect-denial method, which presents another angle from another viewpoint?	Yes	No
3. The reverse-position method, which asks the customer to explain in greater detail her objection?	Yes	No
4. The superior-point method, which passes over the objection but puts up an offsetting advantage which outweighs it?	Yes	No
5. The question method, which meets the objection by asking a question which, when answered, will overcome the objection, e.g., "Price too high? Would the cheaper fit in with your other garments?"	Yes	No

Selling Appeals

Did the salesperson emphasize quality?	Yes	No
Did the salesperson emphasize low price?	Yes	No
Did the salesperson emphasize style?	Yes	No
Did the salesperson emphasize durability?	Yes	No
Did the salesperson emphasize credit?	Yes	No
Did the salesperson emphasize fit?	Yes	No
Did the salesperson emphasize bargain in either price or quality?	Yes	No
Did the salesperson guarantee the goods?	Yes	No
Did the salesperson effectively describe goods?	Yes	No
Did the salesperson use flattery?	Yes	No
Did the salesperson use ridicule?	Yes	No
Did the salesperson offer to let you take the merchandise out on approval?	Yes	No
Did the salesperson emphasize the point that important persons bought the goods?	Yes	No
Did the salesperson leave you alone to examine the article and compare it with other goods?	Yes	No

Closing the Sale

Did the salesperson unoffensively attempt to close the sale by:		
1. Summing up the favorable points approved by the customer?	Yes	No
2. Direct question, e.g., "May I wrap these?"	Yes	No
3. Presenting alternatives, e.g., "Do you prefer blue or black?"	Yes	No
4. Suggesting a decision, e.g., "How many will you need?"	Yes	No
5. Assuming a decision, e.g., "I am sure you will like this," or beginning to wrap up article.	Yes	No

Suggestions for Other Merchandise

Did the salesperson suggest that the customer buy other articles?	Yes	No

(Continued on page 48)

Salesperson's Personality

Was the salesperson friendly in his service?	Yes	No
Did the salesperson use good English?	Yes	No
Were the salesperson's habits agreeable?	Yes	No
Was the salesperson dressed neatly and inconspicuously?	Yes	No
Was the salesperson's voice pleasant?	Yes	No

Remarks _____

_____

_____

Design for Selling

(Continued from page 34)

sociological and technological trends which need to be evaluated and interpreted in terms of their immediate and future effect on retailing. Adequate research programs must be established to obtain the accurate data about consumer markets and store activities needed by retailers to evaluate their operations from the customers' viewpoints and to provide a basis of fact rather than opinion for decisions. Customers must not be coerced into accepting services they no longer desire to support, and stores must demonstrate a willingness to adjust their traditional markups downward as services are contracted. All store activities must be subject to constant study and revision and those not felt at the *point of sales* must be eliminated without undue delay.

The degree of success that retailers achieve in accomplishing their objective of boosting retail productivity now will be in direct proportion to (1) their wholehearted acceptance of the proposition that retailers are *sellers of goods,* (2) the number of retailers who participate actively in the undertaking, (3) the willingness and capacity of retailers to eliminate the "feather bedding" psychology that permeates the thinking of such large numbers of them, and (4) their collective determination to finish the task once it is started.

The proposition *that retailers can boost retail productivity now if they will organize to sell and will manage their store operations efficiently* is a concept of a *design for selling* that retailers can ill afford to ignore if they are to prove their sincerity in wanting to assist materially in a successful fight against inflation.

Book Notes

Retail Credit Manual, by J. Gordon Dakins. New York: Credit Management Division, National Retail Dry Goods Association, 1951, xviii + 620 pages. $4.50.

Credit is the lifeblood of business, and today's highly competitive market requires professional credit salesmen who understand the importance of sales mindedness, credit techniques, letter writing, and human relations. The *Retail Credit Manual* emphasizes these concepts of the credit manager's job in an excellent discussion of the "hows" and "whys" of credit for the individual who desires success in the field.

The book contains twenty-seven chapters —each dealing with a specific phase of credit management. It provides a wealth of information for the beginner, and even the oldster in credit work will find himself intrigued by the author's approach to his subject. It is well written, easy to read, and a definite contribution to the literature of the field.

The author is J. Gordon Dakins, general manager of the National Retail Dry Goods Association. In a brief preface, Mr. Dakins acknowledges assistance from seventy-seven specialists in its preparation. Each contributor is to be congratulated for having participated in the writing of such an excellent book.

T. D. Ellsworth

Horace Greeley, Voice of the People, by William Harlan Hale. New York: Harper and Brothers, 1950, xiii + 377 pages. $4.00.

An odd-looking man, improvident, impelled by a sequence of enthusiasms and schemes to do good, inspired by an editorial genius he did not understand, Horace Greeley bumbles his erratic way through forty years of the middle 1800's in Mr. Hale's new biography, *Horace Greeley, Voice of the People.* As a piece of recreational reading the book ranks high. It also serves as a significant interpretation and commentary on a pivotal period in our internal expansion. As a study of the forces that influenced the development of journalism in the United States, the biography is particularly useful. The growth of newspapers, from their minor status as almost noncommercial means of expression for individual editors to their later status as large-scale business enterprises, is reflected in the background of the book. The gradual increase in newspapers as a political and social influence for masses of population becomes apparent. Only two aspects of the study stand in the way of complete endorsement of the book. First, Mr. Hale keeps his attention so closely riveted on his story that he neglects to pin it to the past with dates. The reader who wants to relate the steps of the narrative to other trains of events must often hunt a good many pages to orient himself in time. Second, it seems to me that Mr. Hale gives his readers too much of Horace Greeley apart from the *Tribune* whereas for a good many years the *Tribune* was Mr. Greeley and Mr. Greeley was the *Tribune.* The contribution the book makes for an understanding of the mid-century is so great, however, that these sins of omission are minor. It would be an excellent book for collateral reading in courses of journalism, marketing, and advertising.

Lawrence C. Lockley

William Henry Blythe, Merchant of the South, by Le Gette Blythe. Chapel Hill: The University of North Carolina Press, 1950, ix + 225 pages. $2.75.

A Foreword written by John J. Parker of the United States Court of Appeals provides the best possible summary of the book. Judge Parker says, "Mr. Le Gette Blythe has written an interesting account of the life of this remarkable ma and of his rise in the world. It is a true picture of the life of the South as it was recovering from the horrors of war and Reconstruction. It is even more

than this. It is undisputable proof of the value of our system of free enterprise and a vivid demonstration of the copy book maxims of an earlier day which too many of us have been prone to forget."

Le Gette Blythe is literary editor of the *Charlotte Observer* and has written several other books in addition to this current work.

T. D. Ellsworth

A Guide for Retail Advertising and Selling. 4th ed., rev.; New York: Association of Better Business Bureaus, Inc., 1950, 180 pages. $1.25.

This is a reference book that informed merchants should place in their advertising departments for the use of copy writers and which should also be available to buyers, comparison office workers, those who train the store's sales staff, and all who contact customers about merchandise.

The *Guide* is based largely on Federal Trade Commission rulings and federal laws which apply to the merchandise sold in stores. In addition, Better Business Bureau rulings and interpretations are included.

The paper-covered book is divided into two parts. Part I explains rules on material content including fibers, fur, leather, filling materials, rubber, and information on the correct use of trade names, trade-marks, specifying substandard merchandise or seconds, and information stating the range of sizes and colors. Part II, which is more specific, stresses correct terminology to be used in selling automobiles, fabrics, bedding, food, furniture, furs, hairdressing services, hosiery, household appliances, jewelry, leather goods, shoes and gloves, medical and cosmetic products, men's clothing, millinery, musical instruments, office machines, optical goods, pottery and glassware, radio and television, refrigerators, rugs and other floor coverings, and tires.

In addition to serving merchants, this inexpensive book makes an excellent reference text for copy-writing classes and merchandise-information classes in retailing, commerce, and home-economics departments.

Karen R. Gillespie

Social Surveys, by D. Caradog Jones. London: Hutchinson's University Library, 1950, 232 pages. Text edition, $1.60; trade edition, $2.00.

This volume is one of the series of popularizations of technical material published as Hutchinson's University Library. It attempts to explain the methods and techniques of the sociological surveys coming to be more and more a part of governmental operation here and in England. The materials of the book are entirely British, but they apply as definitely in this country as there. More as a matter of interest than information, a brief historical résumé traces such surveys back to the English Domesday Book of 1086. Indicating that current attitudes toward governmental curiosity are not new is one quotation from a Parliamentary debate in 1753 over the proposal of a periodic census in England: "I did not believe that there was any set of men, or indeed, any individual of the human species, so presumptuous and so abandoned as to make the proposal we have just heard . . . I hold this project to be totally subversive of the last remains of English liberty." The technical reader will find Dr. Jones's book superficial and inadequate. But the undergraduate student or the nontechnical business reader will get a better understanding of the methods and difficulties of cost-of-living, housing, and other social inquiries than he could get from adequately technical explanations.

Lawrence C. Lockley

Layout Planning Techniques, by John R. Immer. New York: McGraw-Hill Book Company, 1950, viii + 430 pages. $5.25.

Retailers who are seeking ways to reduce their operating costs and desire to investigate the possibilities of layout planning will find this book extremely helpful. It provides an excellent discussion of the principles and possible applications of this interesting new management technique in addition to a comprehensive list of available visual aids dealing with the subject.

John R. Immer is assistant professor of industrial management at the School of Business Administration, University of Illinois.

T. D. Ellsworth

Technological Applications of Statistics, by L. H. C. Tippett. New York: John Wiley and Sons, 1950, ix + 189 pages. $3.50.

This book had its genesis in a series of lectures given by Mr. Tippett, one of England's foremost statisticians, to a mixed audience at Massachusetts Institute of Technology. It is divided into two parts, the first a discussion of the statistical bases of quality control, including one chapter on acceptance sampling, which is gradually emerging as a useful tool in marketing research. Useful though the material in the first part is, it is not of immediate interest to those of us who are primarily concerned with marketing. The second part, however, under the general title "Investigation and Experiment," is directly applicable to marketing research and to marketing controls. It includes discussions of the theory of errors, the analysis of variance, and applications of correlation analysis, with a final consideration of the problems of planning and investigation. The content of the book is of growing urgency for business executives. Even though Mr. Tippett has attempted a simplification of presentation that the nonstatistically trained listener or reader may comprehend, the book is still difficult reading for those who do not think mathematically and symbolically. This difficulty will deter a good many businessmen who need the background offered in order to cope more successfully with the research technicians on whom they must rely. This book is recommended, and it is hoped that businessmen will submit themselves to the discipline of studying a body of information which has not been predigested for them.

Lawrence C. Lockley

Business Operational Research and Reports, by John G. Glover. New York: American Book Company, 1949, xi + 299 pages. $4.00.

Faced with a new emergency, American business has a pressing need today to conduct extensive management research. *Business Operational Research and Reports* presents basic procedures for carrying on management research and preparing research reports. It offers especially interesting discussions of the nature of business management and of the techniques and organization for research.

The author of this very excellent manual is John G. Glover, professor of management, School of Commerce, Accounts, and Finance, New York University. It is a book that no business library should be without and that every executive should keep handy for convenient reference purposes.

T. D. Ellsworth

A Guide to Retail Employee Communications, by William Paul Shaughnessy. Pittsburgh: The Research Bureau for Retail Training, 1950, 31 pages.

It used to be that the personnel executive who could make friends for his firm of the firm's employees was a rarity and who handled the details of his job on the basis of personality was a genius. The realization of the need for approaching all aspects of labor relations from a humanistic standpoint, however, has grown so rapidly that it is possible for the Research Bureau for Retail Training to devote a booklet in its helpful series of retailing manuals to the subject of employee communications as a *modus* for improving the good will and morale of workers.

The manual is based on a sort of informal survey which gathered information on communication practices from a considerable number of personnel executives, both in the department-store field and in industry. No quantitative information is presented, but the prevailing practices of a considerable number of firms are reflected in the text. The reasons for and purposes of employee communication are given. An inventory of methods of communication is given, with mention of the interview, the questionnaire, suggestion boxes, meetings, informal visits by executives,

social and recreational activities, open-house gatherings for families, training programs, public-address messages, house organs, booklets, letters to employees' homes, financial reports, pay-envelope enclosures, newspaper advertisements, bulletin boards, merchandising literature, and motion pictures. A list of sources for films is added.

This little manual is disappointingly brief, considering the importance of the subject. Its purpose—reminding retail executives of a need and of methods of satisfying the need—precludes much analytic material.

Lawrence C. Lockley

Crisis in Education, by Bernard Iddings Bell. New York: Whittlesey House, McGraw-Hill Book Company, 1949, ix + 235 pages. $3.00.

"Education in these United States is in crisis" is the thesis of this book that is *must* reading for every man who would be a leader in his community. It takes the makeshift educational system of the country apart and finds, upon attempting to put it together, that there are insufficient parts to construct a working unit.

The criticisms of our American educational system offered by the author are that there is "a marked and progressive decrease in the intellectual maturity of those graduates of our American school system and our colleges who present themselves for advanced scholarly learning"; pupils are "pleased condescendingly, to like the teachers"; our newer schools fail mostly to teach students to think and to have a necessary understanding of moral philosophy.

Dr. Bernard Iddings Bell, the author, has spent a lifetime in education and is a well-known author and lecturer here and abroad in the field of education.

T. D. Ellsworth

Catalogues and Counters, A History of Sears, Roebuck and Company, by Boris Emmet and John E. Jenck. Chicago: University of Chicago Press, 1950, 754 pages. $7.50.

Once in a decade perhaps a book appears of such scope and interest that it can be classed as unique and monumental. *Catalogues and Counters* is such a book.

It is unique in that it attempts an honest and critical evaluation of a company and its personnel and is written with great candor. This is refreshing since most company histories are either extremely laudatory or excessively defamatory.

Catalogues and Counters is monumental because a wealth of original data is painstakingly annotated and skillfully used. In fact, the principal criticism may be that the authors have not been selective enough in their use of original data. A person interested in retailing will find this an asset, however, since it makes the book more valuable as background material.

The book is of interest to students of economic history as well as retailing and should be included in all retailing libraries.

R. E. Westervelt

Government and Business, by Vernon A. Mund. New York: Harper and Brothers, 1950, x + 659 pages. $4.75.

Government is playing an ever-increasing role in shaping and directing our economic and business life. *Government and Business* discusses topics such as the economic functions of government, legality of industrial pricing methods, state antitrust laws, the role of government in advancing technology, public ownership as an alternative to public control, and constructive proposals for creating and maintaining a policy of competition. It places particular emphasis on existing and proposed government activities designed to maintain competition and to cope with the problems created by big business. It is an exceptionally well-written book and is recommended reading for every leader in the retail field.

Vernon A. Mund is professor of economics at the University of Washington.

T. D. Ellsworth